



DEPARTMENT OF ADMINISTRATION

Enterprise Policy

OMB-BUDGET ADJUSTMENTS-2019

OFFICE OF MANAGEMENT AND BUDGET

Budget Adjustments to the Enacted Budget

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1. Purpose

- a. The purpose of this policy is to establish rules and guidelines for agencies requesting to spend above appropriations contained in the enacted budget. Mechanically this is established through the approval of Authorized Red Balances (ARBs) from the Office of Management and Budget, Budget Office.

Rhode Island General Laws § 35-3-1 empowers the Budget Officer to “[e]xercise budgetary control over all state departments and agencies” on behalf of the Governor. In addition, § 35-4-22.2(a) and chapter 42-41 allow for the appropriation of restricted or special revenue funds which are received in the fiscal year but not specifically appropriated in the enacted budget.

ARBs have a decades-long history in the Budget Office’s effective financial and budgetary management protocols. They allow for needed flexibility in mid-year adjustments to a Department or agency’s expenditure plan, particularly with respect to non-general revenue funding sources. ARBs may also be granted in response to immediate health and safety or corrective action plan needs as defined in the OMB Budget Control Policy.

2. Applicability

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

3. Definitions

- a. **“Authorized Red Balance” or “ARB”** means an authorization by the Budget Officer to expend funds in excess of those amounts specifically appropriated or otherwise attributable to a level of budgetary financial control within the Rhode Island Financial Accounting Network System (RIFANS).
- b. **“Black Authorized Red Balance” or “Black ARB”** is a reduction to enacted expenditure authority within a level of budgetary financial control within the Rhode Island Financial Accounting Network System (RIFANS). A Black ARB is most often used to offset an Authorized Red Balance, thereby maintaining overall compliance with the applicable line item appropriation.
- c. **“Budgetary Financial Control”** represents the level of maximal expenditure allowable within a RIFANS appropriation account (“line item sequence”) or grouping of appropriation accounts. The control level varies by the source of funds but is always calibrated to either a total line item of the Appropriations Act or a subdivision of a line

item. General revenues (source 01), federal funds (source 02), debt (source 07), and other funds (source 09) are controlled for budget at the total line item level (first four digits of the line item sequence). Restricted receipts (source 03) and operating transfers (source 05) are controlled for budget at the line item sequence (account) level.

- d. **“Restricted receipt account”** means an expenditure account established in the state’s chart of accounts with a purpose restricted by statute or by the funding source.

4. Types of Authorized Red Balances

a. ARB’s for General Revenue Line Items

Agencies are generally prohibited from receiving Authorized Red Balances for accounts that comprise a general revenue line item (source 01). There are four exceptions to this rule:

- (i.) A temporary ARB on general revenue line items due to a legal requirement or accounting expediency. All such requests shall contain an attestation that the need for the ARB will be corrected via an offsetting journal entry or other such adjustment after the temporary ARB is lifted. In no event shall a temporary ARB be operative within the RIFANS accounting system for a period exceeding ten (10) business days.
- (ii.) An ARB for reasons of health and safety as defined in the OMB Budgetary Control Policy pursuant to RIGL § 35-3-24 if an agency is projected to be in a deficit position. In all such cases, the agency shall contact their assigned Budget Analyst from the Budget Execution Team prior to requesting general revenue ARBs to obtain pre-approval from the Budget Officer. Where possible, agencies will be required to implement an offsetting Black ARB in other programs.
- (iii.) An ARB related to a corrective action plan or related to expenditures, if not incurred, that would increase or cause an agency-wide deficit as described in the OMB Budgetary Control Policy. In all such cases, the agency shall contact its assigned Budget Analyst from the Budget Execution Team prior to requesting general revenue ARBs to obtain pre-approval of the Budget Officer. Where possible, agencies will be required to implement an offsetting black ARB in other programs.
- (iv.) An ARB related to additional expenditures projected adopted by the most recently convened Caseload Estimating Conference as set forth in RIGL Chapter 35-17.

b. ARB’s for Rhode Island Capital Plan Fund Line Items

Agencies may not receive Authorized Red Balances for RICAP project accounts unless covered by immediate health and safety needs as defined in the OMB Budget Control Policy. Where possible, agencies will be required to implement an offsetting black ARB in other projects. If RICAP-financed projects accounts have overlapping purposes project expenses may be charged to multiple accounts.

c. ARB’s for Non-General Revenue/Non-RICAP Sources

For Authorized Red Balances requests that pertain to federal funds (02), restricted receipts (03), non-RICAP operating transfers (05), and other funds (09), the Budget

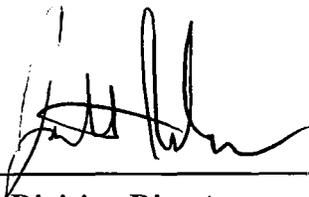
Officer may require the requesting agency to submit an offsetting Black ARB to another appropriation account within the same line item. Authorized Red Balances requested for debt financing accounts (07) will be granted at the sole discretion of the Budget Officer. There are particular requirements for federal funds and restricted receipts:

- (i.) Federal Funds: The approval of new RIFANS accounts and, if necessary, associated Authorized Red Balances related to new federal grants will only be considered by the Budget Officer after the requesting agency demonstrates adherence to the OMB Policy on Applying for Grant Awards. For existing federal line items, ARBs will be considered upon justification of need. If an ARB is approved, notice must be given to the House and the Senate by the Budget Office.
- (ii.) Restricted Receipts: ARBs may be granted if anticipated expenditures within a restricted receipt account will exceed the appropriated budget authority for that account (or line-item), provided the account contains sufficient cash resources to accommodate the overage. If an ARB is approved, notice must be given to the House and the Senate by the Budget Office.

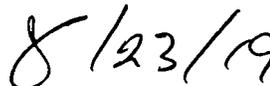
5. Repercussions for Noncompliance

- a. Noncompliance by any agency with the rules and guidelines for requesting Authorized Red Balances as outlined herein will result in the Budget Officer or his/her staff designee rejecting the ARB request. There are no further punitive measures beyond the disapproval of the ARB request.

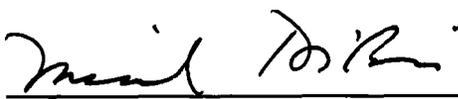
6. Signatures



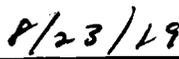
Division Director



Date



Director of Administration



Date