

## BUDGET POLICY AND REPORTING MANUAL

<i>date</i> 9/21/87	<i>subject</i> <b>Availability, Interchangeability and Transferability of Appropriations</b>	<i>item</i> B-400
<i>supersedes</i> 9/1/74		<i>page</i> 1

### 1. Purpose and Scope:

- a. To explain current legal authority relating to the interchangeability or transferability of State Operations and Aid to Localities appropriations between programs and between personal service and maintenance and operation (nonpersonal service) within a program;
- b. To identify legal authority for the availability, interchangeability and transferability of Capital Projects Fund appropriations; and
- c. To call attention to the procedures to be followed in regard to appropriations made as advances to any department, agency, authority, fund or corporation continued or created by the public authorities law or by any other act or law.

### 2. Background:

Chapters 405 and 957 of the Laws of 1981 amended the State Finance Law by repealing, amending and adding certain provisions to update the law and to incorporate changes related to General Accepted Accounting Principals (GAAP). In addition, sections 50 and 51 of the State Finance Law were further amended by Chapter 552 of the Laws of 1985.

### 3. Statutory References:

The availability, interchangeability and transferability of appropriations are now governed by the following sections of the State Finance Law:

<u>Section</u>	<u>Authorization</u>
40	Period for which appropriation made
40-a	Repayment of appropriations made as an advance to or on behalf of a department, agency, authority, fund or corporation
44, subdivision 6	Transfer of positions and the appropriations made therefor between organizational units
49	Segregation and desegregation of lump sum appropriations
50	Transfer to the Department of Social Services from other departments and agencies to obtain Federal reimbursements for the provisions of services

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51 Interchange of appropriation or items therein

Section Authorization

93 Capital Projects Fund appropriations

#### 4. **Statutory Provisions by Fund:**

##### All Funds

Section 40 provides that an appropriation shall be available for the fiscal year in which enacted unless the contrary is expressly provided in the appropriation act. Such appropriation shall cease to have force and effect, except as to liabilities already incurred thereunder, at the close of such fiscal year unless reappropriated.

Every appropriation which ceases to have force and effect except as to liabilities already incurred thereunder shall as to such liabilities continue in force and effect until the next succeeding fifteen day of September, on which date such appropriation shall lapse.

Section 40-a specifies that every appropriation of State funds made as an advance to or on behalf of any department, agency, authority, fund or corporation shall not be available for expenditure until a written repayment agreement is entered into by the department, agency, authority, fund or corporation to which the appropriation is made and the Director of the Budget. This provision applies to appropriations made as an advance from all funds of the State.

It also provides for reimbursement to the State for advances from the proceeds of the first bonds issued by the recipient agency, authority, fund or corporation. Such repayment shall, in total, be sufficient to fully reimburse the State for the unpaid balance of any money appropriated as an advance.

This section further requires a monthly report on the part of the State Comptroller of the amounts expended from such appropriations and also authorizes the State Comptroller to receive repayments of amounts expended from these appropriations.

It is not necessary to incorporate these provisions in the language of a specific appropriation if section 40-a is referenced in the section heading.

##### State Operations and Aid to Localities

Section 44, subdivision 6, becomes operative when it is necessary to transfer positions between organizational units. If the organizational units affected are in different programs, then

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the appropriation made for the positions can also be transferred. The transfer of the appropriation is not to be regarded as part of the percentage interchange authority provided by section 51. However, the transfer will change the appropriation total for each of the programs involved should it become necessary to interchange funds in accordance with the provisions of section 51.

Section 49 provides for the segregation of lump sum appropriations.

Section 50 authorizes the transfer of such funds as may be necessary to the Department of Social Services from other State departments and agencies for the costs of contracts for services to individuals and families who are receiving or who are former or potential recipients of public assistance and care.

**No other transfers of funds may be made between departments and agencies unless such authorization is included in the language of the particular appropriation.**

Section 51 provides for unlimited interchangeability between the appropriations provided for personal service and for maintenance and operation (nonpersonal service) for any one individual program or purpose and for limited interchangeability of appropriations between programs or purposes within the same fund.

The terms "program" and "purpose" are synonymous in regard to the use of the provisions of section 51. The term "particular fund" reflects a fund or account within each of the following fund types:

General Fund

Special Revenue Funds - Federal

Special Revenue Funds - Other

Internal Service Funds

Fiduciary Funds

Enterprise Funds

The interchangeability between programs is limited in that the total amount appropriated for any program or purpose may not be increased or decreased by more than the **aggregate** of 5 percent of the first \$5 million, 4 percent of the second \$5 million and 3 percent of amounts in excess of \$10 million of an appropriation for a program or purpose. (The total amount appropriated for any program or purpose means the total amount appropriated in the main budget bill as amended by chapter amendment bill(s), plus any funds provided for a program or purpose by special appropriation acts.)

The allocation of lump sum appropriations from a fund made to a department or agency for later distribution to programs or purposes or to the units of the State University or the allocation of lump sum appropriations made to all State departments and agencies for later allocation for specific programs or purposes shall not be deemed to be part of such total increases or decrease.

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The interchange of appropriations between programs funded from the Local Assistance Fund will in no way constitute an adjustment to State aid formulas.

### Capital Projects Fund

Section 93 defines capital fund appropriations as those funds that provide for the construction, reconstruction and improvements including the acquisition of land; the acquisition or replacement of equipment; the preparation and review of plans and specifications including engineering and other services; field survey and sub-surface investigations.

Section 93 also authorizes the State Comptroller to accept and receive amounts of money equal to the amounts of money expended by the State pursuant to any such advance from any Capital Projects Fund appropriation and to deposit the same to the credit of the Capital Projects Fund.

If Capital Projects Fund expenditures have been reimbursed from the proceeds of the sale of State bonds, then the State Comptroller is authorized to receive amounts of moneys, up to an amount equal to the amount expended, and credit the State fund or subfund used to reimburse the Capital Projects Fund.

It further specifies that the Capital Projects Fund appropriations shall only be available upon the issuance of a certificate of approval of availability by the Director of the Budget.

State departments and agencies and the Division of the Budget will rely on section 93 of the State Finance Law for authority to transfer a portion of an appropriation or appropriations to another capital appropriation within a department or agency. These transfers will only be processed when all the requirements set forth in this section, including percentage limitations when making transfers between appropriations in different purposes, have been met. (See Budget Policy and Reporting Manual Item E-040 for detailed instructions for the preparation of transfer and interchange certificates.)