CHAPTER 7: BUDGET

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RULE 7-1: SPENDING AUTHORITY

1. AUTHORITY:
   §24-37-303, C.R.S. (Governor's Budget Authority)
   §24-37-304, C.R.S. (Office of State Planning and Budgeting)

2. RULE:
   2.1. Spending authority shall be subject to approval by the State Controller under delegated authority from the Office of State Planning and Budgeting, unless the State Agency requesting spending authority is not subject to the authority of the Office of State Planning and Budgeting.
   2.2. Spending authority requests must be supported by law (such as statute or legislation), certain grant awards, or other authority as determined by the State Controller.

3. EXCEPTIONS TO RULE:
   This Fiscal Rule does not apply to Institution of Higher Education expenditures not subject to appropriation by the General Assembly.
RULE 7-2:  EXPIRATION AND ROLLFORWARD OF APPROPRIATIONS

1. AUTHORITY:
§24-75-102, C.R.S. (Appropriation Expiration)

2. DEFINITIONS:

   2.1. Carryforward – The remaining amount of a multi-year appropriation transferred into a subsequent fiscal year until the expiration of that multi-year appropriation.

   2.2. Encumbrance – See Fiscal Rule 3-1 (Commitment Vouchers).

   2.3. Multi-Year Appropriation – Funding that is legally authorized for use in more than one fiscal year, including, but not limited, to Capital Construction appropriations.

   2.4. Rollforward – The remaining amount of an appropriation transferred into a subsequent fiscal year that is beyond the expiration of that appropriation.

3. RULE:

   3.1. Current Year Appropriations

       Unless otherwise authorized by law, unexpended appropriations expire at the end of each fiscal year and do not continue into a subsequent fiscal year. Open Encumbrances at the end of a fiscal year do not constitute an obligation against that year's appropriation. Open Encumbrances that are carried over to the next fiscal year and the resulting expenditures are charged against the next fiscal year appropriation, if available.

   3.2. Carryforward

       Unexpended appropriations authorized for more than one fiscal year may be carried forward into a subsequent fiscal year until the expiration of the appropriation. Authorization for more than one year may be in the form of express legislative intent enacted in legislation or a legislative action signed by the Governor or the Joint Budget Committee. Common forms of express legislative intent may be included in letternotes and footnotes in the Long Bill, Supplemental Bills, and Long-Bill add-ons.

   3.3. Carryforward of Capital Construction – See Fiscal Rule 4-3 (Capital Construction Carryforwards and Reversions)

   3.4. Exceptions To Rule:

       3.4.1. Rollforward – The State Controller may approve the Rollforward of unexpended expiring appropriations based on either of the following:

           3.4.1.1. Extenuating Circumstances – Extenuating circumstances must be beyond the control of the State Agency or Institution of Higher Education and mitigated to the greatest extent possible by advanced planning, documented early ordering, early and frequent order status monitoring, and documented goods or services delivery deadlines communicated to and acknowledged by the contractor. The following items do not qualify as extenuating circumstances and this list is not intended to be all inclusive:

               3.4.1.1.1. Inadequate time to implement a new program before the statutory deadline,
3.4.1.2. Failure of the selected contractor to perform for any reason other than force majeure,

3.4.1.3. Shipping delays, or

3.4.1.4. Customs delays.

3.4.1.2. Purchases from Colorado Correctional Industries – The appropriated funds have been legally committed by Interagency Agreement with the Division of Correctional Industries, also known as Colorado Correctional Industries, and the order is placed by the ordering deadline set by Colorado Correctional Industries.
RULE 7-3: OVEREXPENDITURES AND REQUIRED REPORTING

1. AUTHORITY:
   §24-37-303, C.R.S. (Governor's Budget Authority)
   §24-75-109, C.R.S. (Overexpenditures)
   §24-75-111(4), C.R.S. (Restriction)
   §24-30-202(3), C.R.S. (Personal Liability)
   §24-30-202(14), C.R.S. (Misdemeanor and Penalty)

2. DEFINITIONS:
   2.1. Overexpenditure of Funds – An overexpenditure of funds exists when:
       2.1.1. Total expenditures charged to a specific line item, based on the accrual basis of accounting, or based on the cash basis of accounting if statute requires expenditures to be recorded on a cash basis, exceed the established spending authority, as defined in §24-75-109(1.5), C.R.S and reflected on the State Financial System or on an approved State Agency or Institution of Higher Education accounting system.
       2.1.2. Non general funded appropriations within the General Fund have insufficient revenue to support expenditures.
       2.1.3. Appropriations within a cash fund have insufficient revenue and fund balance to support expenditures.

3. RULE:
   3.1. Expenditures shall not exceed established spending authority unless specifically allowed by law. Expenditures shall not exceed the amount of either the accrued and collected revenue or the available fund balance at the end of the State fiscal year.
   3.2. Required Notification of Overexpenditures
       When the Chief Executive Officer becomes aware of an Overexpenditure of Funds within the State Agency or Institution of Higher Education, the Chief Executive Officer shall submit notice within 10 working days to the Governor through the Office of State Planning and Budgeting and to the State Controller.
   3.3. Statutory Penalty
       Unless the Overexpenditure of Funds is approved by the State Controller in accordance with §4.1.1 of this Fiscal Rule, any official, officer, or employee of the State convicted of knowingly causing an Overexpenditure of Funds shall be subject to statutory fines and/or imprisonment in county jail. In addition, the individual may be personally liable for the overexpenditure amount.

4. EXCEPTIONS TO RULE:
   4.1. Overexpenditure of Funds Approved by the Governor (§24-75-109 C.R.S.)
       4.1.1. The State Controller, with the approval of the Governor, may allow an Overexpenditure of Funds. Prior to recommending to the Governor that the Overexpenditure of Funds be approved, the State Controller shall verify that the statutory requirements allowing the Overexpenditure of Funds have been met.
Overexpenditure of Funds shall only be approved between May 1 of any fiscal year and the close of that fiscal year. This authority is only valid so long as §24-75-109 C.R.S. remains in effect and is not repealed.

4.1.2. For any Overexpenditure of Funds the State Controller shall restrict an amount equal to the overexpenditure in the next fiscal year's appropriation for the State Agency or Institution of Higher Education involved. The amount shall be restricted from a corresponding item or items of appropriation. Any amounts so restricted shall not be expended unless and until such restriction is released.

4.2. Overexpenditure of Funds Approved by the Joint Budget Committee

4.2.1. Overexpenditures occurring when the General Assembly is not in session arising out of unforeseen circumstances may be authorized by the Joint Budget Committee.
RULE 7-4: COMMON POLICY DISPUTES

1. **AUTHORITY:**

   §24-37-303, C.R.S. (Governor's Budget Authority)

2. **DEFINITIONS:**

   2.1. Common Policy – A policy adopted by the Joint Budget Committee that is consistently applied for State Agencies. For many line items affected by common policy, amounts are initially appropriated in individual departments and then transferred to another department where they appear a second time as reappropriated funds.

3. **RULE:**

   3.1. Common Policy funding shall only be disputed during the budgeting process. To dispute a Common Policy appropriation or budget, the State Agency that will be making the Common Policy payments shall submit its dispute to the State Agency that will be billing for the Common Policy payments. The billing State Agency shall review the dispute and determine if it can agree to a resolution with the paying State Agency. If the State Agencies cannot agree on a resolution to the dispute, then they shall submit the dispute to the Office of the State Controller for final resolution.