SUBCHAPTER 13 - MONITORING FOR DEFICIT SPENDING

The ACA references in this document can be found in the Financial Management Guide.

19-4-1301. Legislative intent and purpose.

(a) This subchapter is intended to be an addition to the provisions of the General Accounting and Budgetary Procedures Law, 19-4-101 et seq., and other fiscal laws of this state. This subchapter is enacted for the purpose of imposing additional duties and responsibilities upon the Chief Fiscal Officer of the State to monitor state expenditures and financial obligations in order to assure that all state agencies, programs, and services plan and use the funds provided or made available for the support of the essential services of government within their respective jurisdictions. This monitoring shall be done without incurring obligations or commitments which would exhaust the available funds within a time frame of less than twelve (12) months or which would create deficits.

(b) The General Assembly is cognizant of the economic recession that has reduced the growth of state revenues that are available for the operation of many of the programmed commitments or expansions of services of government. By this subchapter the General Assembly intends to strengthen the responsibilities and duties of the Chief Fiscal Officer of the State to provide for the planned and orderly, yet rigid, enforcement of the various laws of this state designed to protect against deficit spending.

(c) It is further the intent and purpose of this subchapter to mandate that all public officials, administrators, and employees charged with the responsibility of administering and disbursing state funds be held strictly accountable for the administration of the programs under their jurisdiction. Those officials, administrators, and employees shall periodically reevaluate and modify, if necessary, the various programs and services under their respective jurisdiction to assure the orderly providing of the greatest possible level of essential services and programs on a regular twelve-month basis, within the limitation of the funds available.

(d) The General Assembly further recognizes that many agencies may have to evaluate and curtail projected or planned program expansions. Many agencies may also have to exercise options to reduce the levels of existing services or program commitments to keep the projected expenditures for such programs or services within the limitations of funds estimated to be available therefor, as provided in this subchapter. It is the intention of the General Assembly that each state agency review its ongoing obligations and services and make the necessary adjustments to provide the greatest possible level of essential services commensurate with the funds available on a year-round, twelve-month basis.


19-4-1302. Provisions supplemental.

This subchapter is intended to be supplemental and in addition to the fiscal laws of this state and shall repeal only such laws and parts of laws as are specifically in conflict with it.

19-4-1303. Exemptions.

Funds disbursed by the Arkansas Department of Transportation, the Arkansas State Game and Fish Commission, and the Office of the Arkansas Lottery and the funds appropriated in the general appropriation bill provided for in Arkansas Constitution, Article 5, 30, shall be exempt from this subchapter.


19-4-1304. Failure to conform to directives and mandates.

(a) If a state agency shall fail or refuse to conform to the directives and mandates of the Chief Fiscal Officer of the State to restrict or curtail its financial obligations or program commitments as intended by this subchapter, the agency head or members of the board or commission responsible therefor may be guilty of misfeasance in office or employment and may be removed from office by appropriate legal proceedings.

(b) The fact that it may be necessary for an agency to reduce existing levels of services in order to conform to orders or directives of the Chief Fiscal Officer of the State, as intended by this subchapter, shall not be lawful justification for failure to conform thereto.


19-4-1305. Failure to perform duties.

If the Chief Fiscal Officer of the State fails to perform his or her duties as mandated under the provisions of this subchapter and within the time limitations set forth in it, he or she shall be guilty of misfeasance of his or her office and may be removed from office in the manner provided by law.


19-4-1306. Procedures for monitoring agency expenditures and fiscal operations.

(a) In addition to the powers and duties provided under this chapter and other fiscal laws of the state, the Chief Fiscal Officer of the State shall invoke additional procedures to assure that all state agencies are operated on a planned and orderly basis of essential services within the limitations of funds available.

(b) In furtherance of the purposes of this subchapter, the Chief Fiscal Officer of the State shall institute the following additional procedures and controls:

(1) At least thirty (30) days prior to the commencement of each fiscal year, the Chief Fiscal Officer of the State shall make studies for the purpose of estimating the anticipated amount of general and special revenues to be made available for distribution under the provisions of the Revenue Stabilization Law, 19-5-101 et seq., and for the support of agencies which derive their support from special revenues, for such fiscal year or such fiscal quarter, or for any calendar month
if he or she deems it necessary. In addition, the Chief Fiscal Officer of the State shall compute the estimated amount of general revenues that will be available for distribution to the respective State Treasury accounts in accordance with the respective percentage distributions of general revenues authorized under the provisions of the Revenue Stabilization Law, 19-5-101 et seq. It shall be the duty of each agency head responsible for administering special revenues or federal funds to notify the Chief Fiscal Officer of the State of any unusual events which would adversely affect the estimate of the moneys received upon which the agency is operating. Such notification shall be given immediately upon knowing of the existence of such events by agency heads;

(2) Upon completion of revenue estimates for each fiscal year or each fiscal quarter, or monthly if deemed necessary, the Chief Fiscal Officer of the State shall prepare schedules reflecting the estimated amount of general revenues to be available for distribution to the State Treasury funds and accounts for each of the agencies which share in the distribution of general revenue funds of the state, either in whole or in part. In addition, the Chief Fiscal Officer of the State may require the preparation of estimates from the administering agency or prepare estimates of the anticipated amount of special revenues to be available for distribution to those agencies which receive support from special revenues, from both general and special revenues, or from cash funds or other sources;

(3) After preparing the estimates and schedules for each fiscal year, fiscal quarter, or month, the Chief Fiscal Officer of the State shall review the annual operations budgets of each agency. The Chief Fiscal Officer of the State shall institute such controls as he or she deems necessary to modify or restrict the level of approved expenditures that may be incurred by each agency to assure that sufficient funds will be available to maintain a minimum level of essential services and programs by each agency without undue interruption or curtailment of the level of programs and essential services provided for any extended period during each fiscal year or which might create circumstances that would institute deficit spending to meet the obligations or services in excess of the funds available for the support thereof, as provided by law; and

(4) If the Chief Fiscal Officer of the State, in reviewing the annual operations budgets of any state agency, determines that the level of operations thereof or the projected commitment thereof is being operated in a manner that would impose serious curtailment of essential services or would create circumstances of deficit spending, then he or she shall immediately notify the head of the agency responsible for the operation of such services as to the curtailments and controls that should be instituted to bring the level of operations or services within the necessary fiscal restraints recommended by the Chief Fiscal Officer of the State.

(c) A copy of each directive issued pursuant to subdivision (b)(4) of this section shall be furnished to the Governor, to the Legislative Council, and to the Legislative Joint Auditing Committee.