

Please review the entire guidance document for important information regarding the allotment process and changes from prior years.

The allotment planning guidance is organized as follows:

Background

- Purpose of the Allotment Process
- Development of Allotment Budgets & Timing of GRF Expenditures
- Process Changes in OAKS

Preparation & Submission of the Allotment Budget:

- Instructions for Preparation of the Allotment Budget Journal
- General Considerations During Preparation and Review
- Deadlines/Key Dates

Implementation of the Allotment Budget

- Adjustments to the Allotment Budget

I. PURPOSE OF THE ALLOTMENT PROCESS

Allotment plans are a financial management tool employed to ensure the responsible use of state resources. One method employed by OBM to execute this mission is oversight of the implementation of agency operating budgets through the review and monitoring of agencies' annual spending, or allotment, plans. This process requires agencies to indicate how they anticipate spending their annual appropriations during the state fiscal year and offers OBM the opportunity to ensure spending is planned and managed within available financial resources, in accordance with state law and will not exceed appropriations.

There are two major products of the allotment process: the Allotment Plan and the Allotment Budget.

Allotment Plan: The Allotment Plan is the most detailed breakdown for each appropriation line item. The Allotment Plan breaks down the appropriation by the "class" level of the Account Chartfield. (Please see link to the "OAKS Chartfield Crosswalk: Expense Accounts" for details on the Account Chartfield.) "Class" has the same meaning as "class" in the current hierarchy of Object Codes. Payroll is budgeted by quarter and other expense classes are budgeted annually, unless otherwise directed by OBM. The Allotment Plan is not a control budget, but serves as the base for the Allotment Budget (discussed below) and provides important reporting data.

Agencies will not be required to prepare an Allotment Plan for fiscal year 2008, the first year of the OAKS Financial implementation. However, agencies must consider planned expenditures at the Account Class as you prepare the Allotment Budget. (The Allotment Plan will be required beginning in FY 2009.)

Allotment Budget: The Allotment Budget is the level of spending control enforced by OBM in the OAKS Financial system. The Allotment Budget breaks down each appropriation line item by the "category" level of the Account Chartfield. "Category" has the same meaning as "category" in the current hierarchy of Object Codes. Payroll and all other expense categories will be budgeted by quarter, unless otherwise directed by OBM.

Agencies are required to prepare an Allotment Budget for fiscal year 2008.

II. DEVELOPMENT OF ALLOTMENT BUDGETS & TIMING OF GRF EXPENDITURES

Allotment planning is a tool used to manage disbursements by the category or type of expenditures to be made by an agency. Also important, management of disbursements and cash flow for the general revenue fund over the course of the fiscal year must be a consideration. Keep in mind that the allotment determines when appropriations can be encumbered and disbursed; there is a direct correlation between this exercise and the future development of GRF disbursement estimates.

Control of GRF Disbursements

Agencies must make every effort to disburse GRF appropriations evenly *throughout the fiscal year*. For example, GRF subsidy payments should be made no less often than quarterly or monthly.

In addition, for programs that are funded from a combination of GRF and non-GRF sources, agencies are to expend available non-GRF appropriations before utilizing GRF supported appropriations. Again, agencies must partner with OBM to ensure responsible cash management.

Quarterly-Based Planning

Agencies' Allotment Budgets will detail projected obligations for all ALIs and Account Categories (formerly Object Categories) by quarter. The OAKS system is configured to allocate payroll-related budgets on a quarterly basis and to allocate all other expense categories on an annual basis, however, OBM will limit amounts available for expenditure for non-payroll categories through incremental or partial allotments. Appropriations will be allotted in OAKS on a quarterly basis; the entire amount appropriated will not be loaded into OAKS.

Disbursement Estimation

In early fiscal year 2008, your OBM analyst will review disbursement estimates and collaborate to develop disbursement schedules to ensure agencies will first expend available non-GRF revenues prior to GRF, as applicable, and the even distribution of GRF is planned throughout the fiscal year. Again, this is necessary to ensure the state has an adequate cash flow throughout the year. If there are specific limitations (e.g., ORC requirements) that preclude your agency from disbursing GRF over the full fiscal year, you should make your budget analyst aware of them at the time you submit your Allotment Budget.

III. PROCESS CHANGES IN OAKS

Three principal changes result from the implementation of OAKS:

- Chart of Accounts:** Discontinued use of Spending Authority Codes as a Chart of Accounts chartfield. Instead, agencies will allot by the following chartfields:
 - **Department (Level 2 of the Department Tree, or Agency level)**
 - **Fund**
 - **Appropriation Line Item (ALI)**
 - **Account (Category level)**

Agencies are given an opportunity to prepare more detailed budgets for internal use by creation of an Agency Budget (OAKS Task 731). For example, agencies can budget by lower levels of their Department Tree (e.g., division or site) or lower levels of the Account (e.g., Account Class) or Program.

- Account:**
 - Allotment Budgets are prepared at the Category level rather than Class.
 - A new Account Category is created for Purchased Personal Services & Other expenses (formerly Object Classes 13 and 15).
- Allotment Calendar:** As noted above, OAKS is configured to allot payroll quarterly and all other Account Categories are allotted using a single annual allotment period. However, OBM will load non-payroll Account Categories incrementally into OAKS, in effect, limiting the amount available for expenditure. Again, incremental loading will be employed as a method to manage the timing of disbursements and cash balances.

Prior to the start of fiscal year 2008, agencies will work with OBM to determine how they will allocate or allot their appropriation for each line item (ALI) by Account Category (formerly "Object Category"). The Allotment Budget designates the level at which spending control is maintained (that is, agency expenditures cannot exceed the amounts established for each Account Category in the Allotment Budget) and the time period during which obligations and disbursements are made.

Control Totals for Allotment Budget

- **Initial Allotment Budget:** Control totals for the initial Allotment Budget will be the Executive Budget Proposal, the As-Introduced version of the FY 2008-2009 biennial operating budget bills. Agencies will be provided downloads of BUGS-e data in Microsoft Excel by category to facilitate the process. (As applicable, operating appropriations supported by the Tobacco Revenue Budget, S.B. 321, are included in this exercise.)

NOTE: Two items related to former Category 1 will need to be addressed by each agency:

- **New Account Category for Purchased Personal Services:** The former Object Class 13, Purchased Personal Services, and Object Class 15, Awards, Prizes, Bonuses and Other, will become an independent Account Category in OAKS: "Purchased Personal Services and Other."
- **Non-Payroll Costs in BUGS-e:** As entered and displayed in BUGS-e, Category 1 includes non-payroll costs (former Object Class 15) that will need to be subtracted and allotted to the proper category.
- **Quarterly Calendar:** The BUGS-e data is not divided into quarterly amounts. Agencies will need to do so based upon the following pay schedule:

Quarter 1: 7 pay periods payable

Quarter 2: 6 pay periods payable

Quarter 3: 7 pay periods payable

Quarter 4: 6 pay periods payable

* The provided spreadsheets include the annual amounts for each category. Agencies will need to add rows to the provided Excel spreadsheet to represent each quarterly period.

- **Final Allotment Budget:** Control totals for most agencies' final Allotment Budgets to be implemented on July 1, 2007, will be Am. Sub. H.B. 119 as enacted. For agencies affected by other bills, control totals will be based on the Industrial Commission (Am. Sub. H.B. 101), the Bureau of Workers' Compensation Bill (Am. Sub. H.B. 100), and the Transportation Bill (Am. Sub. H.B. 67) as enacted.

OBM will engage agencies to make any necessary adjustments to the Allotment Budget to reflect variances between the As-Introduced and Enacted versions on the budget bills.

* Agencies with appropriations in Am. Sub. H.B. 67 will only prepare the final Allotment Budget based upon that legislation. There should not be need for adjustments.

IV. INSTRUCTIONS FOR PREPARING THE ALLOTMENT BUDGET JOURNAL

GENERAL INSTRUCTIONS

- Complete the attached OAKS Budget Journal Template by **May 18, 2007** in Microsoft Excel format.
 - * Prepare a single journal for the entire agency, rather than a single journal per line item.
- Submit the Completed form to your Assigned Budget Analyst.
- Contact Rebecca Vazquez-Skillings (Rebecca.Skillings@obm.state.oh.us), Erica Thomas (Erica.Thomas@oaks.state.oh.us) or your budget analyst if you have questions or problems completing your Allotment Budget Journal.

MATERIALS AGENCIES WILL NEED

- [OAKS Chartfield Crosswalk: Expense Accounts](#)
- Allotment Budget Journal Form (Pre-filled based upon BUGS-e data)
- [ALI Crosswalk](#)
- [Fund Crosswalk](#)

STEP-BY-STEP INSTRUCTIONS

Allotment Budget Journal

- Required Data:** The allotment budget will designate the following: **Budget Period, Fund, Line Item, Account Category** and the **Amount**. (See below for details regarding the coding methodology for each of these items.)
- Prepared Template:** OBM has prepared a template for your agency's Allotment Budget based upon the As-Introduced version of H.B. 119. Agencies will need to confirm the data for accuracy and make adjustments to Account Categories 500 and 510 (see below for details).

Identify the Budget Period

- Allotments are made on a Quarterly basis. The prepared Allotment Budget Template includes the annual amounts. Agencies will add rows to the spreadsheet for each quarter.

Designate the quarterly periods as follows:

Quarter 1: 2008Q1
Quarter 2: 2008Q2
Quarter 3: 2008Q3
Quarter 4: 2008Q4

- Special attention is required for the Object 10 amounts downloaded from BUGS-e. The agency will need to:
 - Subtract the former Object 15 amounts from the total; and
Allocate the balance among the four quarters of fiscal year 2008.

Identify the Fund* (4-digit Code)

- Agencies will prepare allotments for all funds for all revenue sources from which expenditures will be made.
- Confirm the prepared Allotment Budget journal includes all relevant funds.

* Please reference the OAKS Crosswalk for Fund to confirm the new 4-digit code.

Identify the ALI* (6-digit Code)

- Agencies will prepare allotments for all ALIs for which appropriations are authorized.
- Confirm the prepared Allotment Budget journal includes all relevant ALIs.

* Please reference the OAKS Crosswalk for ALI to confirm the 6-digit code.

Identify the Account Category* (3-digit Code)

- Agencies will prepare allotments for all applicable Account Categories.
- Confirm the prepared Allotment Budget journal includes all relevant Account Categories for each ALI.

* Please reference the OAKS Chartfield Crosswalk for Expense Accounts to confirm the Account Categories.

NOTE: Account Class 5290, General & Other Expenses (formerly Object Class 29) within Account Category 520 has been revised, resulting in a shift of certain Account Classes to Account Categories 510 (Purchased Personal Services & Other), 530 (Equipment), 560 (Goods & Services for Resale) and 590 (Judgments, Settlements & Bonds).

Identify the Amount

- Agencies will indicate the appropriate amounts for each Account Category.
- The amount for all Account Categories within an ALI cannot exceed the control total for the associated ALI.

NOTE: Once the operating budget bill is finalized, OBM will work with agencies to make adjustments as necessary (that is, if changes are made in the appropriation).

GENERAL CONSIDERATIONS DURING PREPARATION & REVIEW

Technical Review

- Are all funds and items accounted for within the allotment?
- Does the total allocation by line item equal the fiscal year appropriated dollar amount?
- Is the addition correct? In whole dollars and no cents?
- Has the agency considered the relevant Account Classes when developing the Allotment Budget for each Account Category?
- Has the agency prepared allotments for all applicable categories, i.e., payroll, purchased personal services and other, maintenance, equipment, subsidy, refunds?

Substantive Review

Payroll

- Is the payroll allocation consistent with the executive's recommended levels (or as adjusted by the legislature, in the case of Am. Sub. H.B. 67)? If not, why not?
- Are the allotments sufficient to cover the latest roster's projections for the fiscal year?

PREPARATION & SUBMISSION OF THE ALLOTMENT BUDGET, CONT.

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- Does the spending plan for personal services reflect increases in personnel beyond the executive (or as adjusted by the legislature, in the case of Am. Sub. H.B. 67) levels? If so, what is the impact and is it affordable?
- Are payroll allocations consistent with the number of pay periods per quarter? (7, 6, 7, 6)
- Is the level of personnel consistent with personnel ceilings?

Maintenance

- Is the maintenance allocation equal to the Executive's recommended levels (or as adjusted by the legislature, in the case of Am. Sub. H.B. 67)? If not, why not?
- Has the agency considered rental expenses and other major maintenance costs?

Equipment

- Do the allocations provide for the types of equipment recommended in the Executive Budget Proposal (or as adjusted by the legislature, in the case of Am. Sub. H.B. 67) and in the amounts necessary for the acquisitions?

Subsidy

- Has the agency communicated the need to distribute subsidy payments no less frequently than by quarter to program staff and subsidy recipients?

General

- Does the Allotment Budget reflect expenditure of available non-GRF appropriations prior to GRF supported appropriations?
- Are GRF supported appropriations distributed throughout the fiscal year (if non-GRF sources are not applicable or available)?
- Does the Allotment Budget make sense?
- Does the current year's experience lend any insight into the development of the new fiscal year Allotment Budget?
- Do the allocations adhere to executive intent (or legislative intent, in the case of Am. Sub. H.B. 67)? Is there temporary language that earmarks certain appropriations? Does the allotment plan coincide with the language?
- Are the allotments for non-GRF supported ALIs consistent and supportable with estimated cash resources and the timing of those receipts?

DEADLINES/ KEY DATES

- Allotment Budgets due from Agencies: **Monday, May 18, 2007**
- OBM Reviews & Approves Allotment Plans: **Friday, May 25, 2007**
- Load Allotments in OAKS: **Wednesday, May 30, 2007**
- Update Allotment Budgets based on Enacted Bill: **Late June**

ADJUSTMENTS TO THE ALLOTMENT BUDGET

Once allotments are approved and the new fiscal year has begun, it may be necessary to adjust the allotments due to unanticipated expenditures or changes to appropriations. Changes to the Allotment Budget will require approval from your OBM budget analyst. In such instances, agencies will submit an electronic Allotment Budget Journal with the necessary adjustments and an explanation of the change, much like the current approval process for Spending Adjustments (SAD) in CAS.

The process for submission will be discussed in depth during upcoming OAKS General Ledger training sessions ([GL 201](#) and [GL 210](#)).