



Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

Memorandum

To: Fiscal Officers of All Departments, Agencies, Boards and Commissions

From: Timothy S. Keen, Director 

Subject: Allotment Guidance for FY 2013

Date: May 18, 2012

The purpose of this memorandum is to provide state agencies with guidance regarding the allotment process for fiscal year 2013. As you are aware, HB 153 closed a projected \$7.7 billion structural imbalance for fiscal years 2012 and 2013. While the economy has continued to grow at the modest rate assumed when the budget was enacted, potential challenges still exist. Given this budgetary climate and Governor Kasich's desire to ensure that agencies make the most efficient use of available resources, the allotment process for fiscal year 2013 is structured to balance the financial demands required to support essential state government services with sufficient management flexibility necessary to respond to potential fiscal challenges.

The FY 2013 Allotment Process

As you will see in the guidance document, the allotment process for fiscal year 2013 is nearly identical to that of fiscal year 2012 in that it requires only payroll account spending (account 500) to be allotted on a quarterly basis. Slightly different this year, is the potential impact on appropriation levels of the mid-biennium review process. While most mid-biennium appropriation adjustments are contained in HB 487, the legislative process is not yet complete, thus appropriation levels for fiscal year 2013 are not yet final. Since these appropriation amounts will not be finalized until after allotment guidance is released, agencies will be provided control totals based on their currently enacted budgets, adjusted for any changes contained in the Senate Passed version of HB 487 or other pending mid-biennium legislation. In the event that the agency control amounts change between now and final enactment of any legislation containing fiscal year 2013 appropriations, OBM will work with agencies to make necessary adjustments to their allotment plans.

Attached to this memorandum are detailed instructions for the allotment planning process for fiscal year 2013, which includes links to useful resources to support this process. A formatted allotment planning spreadsheet as well as a template for administrative spending plans will be provided by your OBM budget analyst via e-mail. **Agencies must submit their FY 2013 allotment plans to OBM by Friday June 15, 2012.**

Should you have questions regarding this process, please feel free to contact your assigned OBM budget analyst.

C: OBM Budget Analysts

Attachment: FY 2013 Allotment Planning Guidance

**Office of Budget and Management
Fiscal Year 2013 Agency Allotment Planning Guidance
May 18, 2012**

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

The Fiscal Year (FY) 2013 allotment planning guidance document is organized as follows:

I. Background

A. Purpose of the Allotment Process

B. Development of Allotment Budgets & Timing of GRF Expenditures

C. FY 2013 Allotment Control Totals

II. Preparation & Submission of the Allotment Budget

A. General Instructions

B. Step by Step Instructions

C. General Considerations During Preparation and Review

III. Deadlines/Key Dates

IV. Implementation and Adjustment of the Allotment Budget

I. BACKGROUND

A. Purpose of the Allotment Process

Allotment plans are one financial management tool employed by the Office of Budget and Management (OBM) to ensure the responsible expenditure of state resources. Specifically, this process assists OBM in managing the state's finite resources by requiring agencies to review their responsibilities and to estimate both how they anticipate obligating FY 2013 appropriations and the timing of those obligations.

Allotment Budget: The allotment budget breaks down each appropriation line item (ALI) to the Account Category level of the Account Chartfield (i.e. 500, 510, 520, etc). Each account category will be required to be allotted either quarterly or annually depending on the nature of the account. As with FY 2012, payroll is the only account category that is to be allotted quarterly in FY 2013, with all other account categories allotted annually.

While OBM appreciates that some agencies may desire a more restrictive requirement for certain account categories, the determination of quarterly vs. annual allotment periods may only be made at the account level and must apply across all agencies of state government. As a result, OAKS FIN does not allow the customization of account categories to be annual for one agency and quarterly for another. Agencies may use the track or control agency budgets as a tool to more tightly control division or section budgets within your agency.

B. Development of Allotment Budgets & Timing of GRF Expenditures

Allotment planning is a tool used to manage obligations by the category or type of expenditures that are planned by an agency. In addition, the impact allotments will have on disbursements and cash flow for the General Revenue Fund (GRF) over the course of the fiscal year must also be a consideration. Keep in mind that allotments are to be based on when an agency estimates that appropriations will be encumbered and disbursed, meaning that there is often a direct correlation between this exercise and the development of GRF disbursement estimates, especially as it relates to the payroll portion of agency expenditures. In developing their allotment budgets, agencies should, to the greatest extent possible, develop plans that assume the disbursement of GRF appropriations evenly throughout the fiscal year. For example, GRF subsidy payments should be made no less often than quarterly or monthly, depending on statutory requirements. Additionally, as in prior years for programs funded from a combination of GRF and non-GRF sources, agencies should plan to expend available non-GRF appropriations before utilizing GRF supported appropriations. Again, agencies must work with OBM to ensure responsible cash management in what will continue to be a tight fiscal environment.

Disbursement Estimation: Beginning in late May, OBM will be distributing guidance to agencies for the development of FY 2013 GRF disbursement estimates. Your OBM analyst will collaborate with you to develop disbursement schedules that ensure that when possible, agencies first expend available non-GRF revenues prior to GRF, to ensure that an even distribution of GRF is planned throughout the fiscal year. Again, this is necessary to ensure that 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 these restrictions at the time you submit your allotment budget.

C. FY 2013 Allotment Control Totals

Control totals for the initial allotment budget will be the FY 2013 appropriation amounts authorized in the HB 153 or in the Transportation, Workers' Compensation, and Industrial Commission budget bills, adjusted for any changes made in subsequent legislation or that will be enacted in HB 487. The control totals. Including those currently contained in HB 487 will be provided to the agency by the OBM budget analyst. If, after receiving control totals, an agency believes that these totals are incorrect, they should immediately notify their OBM budget analyst to discuss and remedy the situation.

II. PREPARATION AND SUBMISSION OF ALLOTMENT BUDGET

A. General Instructions

Agencies can find and download allotment templates, copies of guidance documents, and other allotment resources on the OBM website at <http://obm.ohio.gov/sectionpages/Budget/default.aspx>. Once agencies have downloaded and completed the allotment template, they should submit the information to OBM by emailing the completed template to their assigned OBM budget analyst.

Agencies are to complete the OAKS Budget Journal Template provided by OBM and submit it to their OBM budget analyst no later than **June 15, 2012**. At the same time, each agency should also prepare a single allotment journal for the agency and notify their OBM budget analyst of the Journal ID number. After OBM reviews and approves each agency's final allotment plans, OBM will then post the allotment journal in OAKS FIN. **Each allotment journal that agencies prepare must have a date of July 1, 2012 in order for those allotments to be accessed in FY 2013.**

In completing this process, agencies should rely on the following pieces of information:

- Agency Control Totals (OBM Budget Analyst)
- OAKS ChartField Definitions by Account
- Allotment Budget Journal Form (OBM website or OBM Analyst)
- OAKS FIN or Other Financial Reports from FY 2012 and prior years that provide a portrait of historical spending. These reports include OHGLR026 and GLS8020, which can be accessed in OAKS FIN.

Should agency staff members have any questions regarding the allotment process or experience difficulties in completing the required allotment journal, they should contact Jeff Newman (Jeff.W.Newman@obm.state.oh.us) or the agency's assigned budget analyst.

B. 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.)
- **Provided Template:** OBM is providing a template to use to enter your agency's allotment budget for FY 2013.

Identify the Budget Period

- Only the payroll account (500) is allotted quarterly, while all other account categories are allotted annually. As is the case with account category 500 in the current fiscal year, agencies should designate all other quarters in the following format:

Quarter 1: 2013Q1
Quarter 2: 2013Q2
Quarter 3: 2013Q3
Quarter 4: 2013Q4

For all non-payroll account categories, the budget period is 2013. For payroll, agencies should assume 26 pay periods for FY 2013, with quarters 1, and 3 containing 7 pay periods and quarters 2 and 4 containing only 6.

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.

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.
- Ensure that the prepared Allotment budget journal for each ALI does not exceed the control total provided by OBM.

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.
- Ensure that the cumulative amount allotted by account category does not exceed the control totals provided by OBM at the ALI level.
- Below is a listing of the Account Categories that agencies should use in preparing allotments. Again, unless specifically identified as quarterly, all Account Categories must be allotted annually:

Account Category/Description
500 – Personal Service/Payroll (Quarterly)
510 – Purchased Personal Service and Other
520 – Supplies and Maintenance
530 – Equipment
550 – Subsidies and Shared Revenue (Annual)

560 – Goods and Services for Resale
570 – Capital Items
590 – Judgments, Settlements, and Bonds
591 – Debt Service
600 – Unassigned (Available for optional Use if an agency opts not allot the full amount at the beginning of the year)

Identify the Amount

- Agencies will indicate the appropriate amounts for each Account Category.
- As mentioned above, be certain that the amount for all Account Categories within an ALI cannot exceed the control total for the associated ALI.
- All allotments must be in whole dollar amounts.

C. General Considerations During Preparation & Review

Technical Review

- Are all funds and line items accounted for within the allotment?
- Does the total allocation by line item equal the fiscal year control amount provided by OBM?
- 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

- Are the allotments sufficient to cover payroll projections for the fiscal year?
- Are payroll allocations consistent with the number of pay periods per quarter? There are currently twenty-six payrolls to account for with seven quarters one and three and six in quarters two and four (7, 6, 7, 6).

Purchased Personal Services

- Has the agency considered the timing of entering into contracts and developed their allotment budgets accordingly?

Maintenance

- Has the agency considered rental expenses and other major maintenance costs and the timing for incurring these obligations?

Equipment

- Do the allocations provide for the types of equipment necessary to continue the agency mission.

Subsidy

- Are payments distributed as evenly as possible across the fiscal year?
- Has the agency communicated the need to, where possible, distribute subsidy payments no less than quarterly 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 current year's experience lend any insight into the development of the new fiscal year allotment budget?
- Are the allotments for non-GRF supported ALIs consistent and supportable with estimated cash resources and the timing of those receipts?

III. DEADLINES/KEY DATES

As mentioned above, allotment budgets are due from Agencies by **Friday June 15, 2012**. You must download your templates and submit your plans by email to your OBM budget analyst.

Once FY 2013 appropriation levels are finalized, either through further changes to HB 487, other enacted legislation, or yet to occur actions of the Controlling Board, agencies will be directed to adjust their allotments accordingly.

IV. IMPLEMENTATION AND ADJUSTMENTS TO THE ALLOTMENT BUDGET

As discussed previously, once agency appropriation levels for FY 2013 are solidified, agency fiscal personnel may be contacted by their OBM budget analyst to make revisions as necessary in order to insure that allotment plans do not exceed appropriations. We request your understanding and assistance in making these adjustments in as short amount of time as is possible and submitting them to your OBM budget analyst for review. Once your budget analyst has notified you of their approval of the modified plan, please make final adjustments to the allotment journals you previously prepared and the analyst will then post them.

Once allotments are approved and posted by OBM and the new fiscal year has begun, it may be necessary to adjust the allotments from time to time due to unanticipated expenditures or changes in appropriation levels. These requests will be considered on an as needed basis by the OBM budget analyst whose approval will then be required. In such instances, agencies will submit an electronic Allotment Budget Journal with the necessary adjustments and an explanation of the change. The OBM Analyst will review the request, follow-up with any clarifying questions and, if all is in order, approve the journal for posting.

In addition to the allotment planning process, which requires agencies to submit their allotment budgets by June 15, 2012 and envisions loading those by June 27, 2012, agencies will also need to load their own agency budgets in order to begin early processing of encumbrances for FY 2013. While the allotment budgets will be posted by OBM, the development and loading of the agency budgets (i.e., track and control budgets) is strictly an agency function.