



Office of Budget and Management

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Memorandum

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

From: Timothy S. Keen, Director

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Subject: Allotment Guidance for FY 2017

Date: May 23, 2016

The purpose of this memorandum is to provide state agencies with guidance regarding the allotment process for fiscal year 2017. The process is structured to balance the financial demands necessary to support essential state government services with sufficient management flexibility necessary to respond to potential fiscal challenges, should they arise.

The FY 2017 Allotment Process

As you will see in the guidance document, the allotment process for fiscal year 2017 is very similar to that of fiscal year 2016 in that it requires only payroll account spending (account 500) to be allotted on a quarterly basis; all other allotments are annual. Attached to this memorandum are detailed instructions for the allotment planning process for fiscal year 2017, which includes links to useful resources to support this process. A formatted allotment planning spreadsheet as well as appropriation control totals will be provided by your OBM budget analyst via e-mail. **Agencies must submit their FY 2017 allotment plans to OBM by Friday, June 10, 2016.**

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

c: OBM Budget Analysts

Attachment: FY 2017 Allotment Planning Guidance

**Office of Budget and Management
FY 2017 Agency Allotment Planning Guidance
May 23, 2016**

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

The FY 2017 allotment planning guidance document is organized as follows:

I. Background

- A. Overview of the Allotment Process
- B. Development of Allotment Budgets & Timing of GRF Expenditures
- C. FY 2017 Allotment Control Totals

II. Preparation & Submission of the Allotment Budget

- A. General Instructions
- B. Step-by-Step Instructions
- C. General Considerations for Preparation and Review

III. Deadlines/Key Dates

IV. Submission and Adjustment of the Allotment Budget

I. Background

A. Overview of the Allotment Process

Purpose: The Office of Budget and Management (OBM) needs to understand when and how appropriations will be disbursed to ensure the responsible expenditure of state resources. OBM must balance an agency's need for flexibility with the state's ability to respond to changing fiscal circumstances. To accomplish this balance, OBM requires agencies to submit expenditure timing estimates by line item and expenditure category estimates by account code. The former is the disbursement process and the latter is the allotment process. This guidance covers the allotment process while the disbursement estimate guidance will be released in early June.

Process Summary: The allotment plan development and approval process involves the following steps:

- OBM provides FY 2017 appropriation information to agencies, which are used as control totals;
- Agencies provide estimated expenditures, within the specified control totals, by account category and load these estimates in OAKS FIN;
- OBM analyzes the allotment plan to ensure specified criteria are met and follows up with agencies as necessary;
- If legislative changes affect an agency's appropriation levels, OBM will notify the agency of the change and the agency will amend its allotment plan;
- OBM approves the plan.

Scope: The allotment budget breaks down each appropriation line item (ALI) by the Account Category level of the Account Chartfield (i.e., 500, 510, 520, etc.). Each of these account categories is required to be allotted either quarterly or annually depending on the nature of the account. As with FY 2016, only the payroll account category will be allotted quarterly, 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 versus annual allotment periods may only be made at the account level and must apply across all agencies of state government. Consequently, OAKS FIN does not permit the customization of account categories to be annual for one agency and quarterly for another. Agencies desiring greater control may use the track or control agency budget functions contained in OAKS FIN as a tool to more tightly control division or section budgets within the 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 for the upcoming fiscal year. 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 should 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 course of 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 using GRF supported appropriations.

C. FY 2017 Allotment Control Totals

Control totals for initial allotment budgets will equal agencies' current FY 2017 appropriations, adjusted for any Controlling Board or legislative changes passed prior to May 19, 2016. The OBM budget analyst will provide these control totals directly to the agency. If, after receiving the control totals, an agency believes that these totals are incorrect, they should immediately notify their OBM budget analyst to discuss and remedy the situation.

If an agency's appropriation is adjusted by the Controlling Board, or through a legislative action, prior to the end of the fiscal year, OBM analysts will provide the impacted agency with adjusted FY 2017 control totals.

II. Preparation and Submission of Allotment Budget

A. General Instructions

Agencies are to complete the OAKS Budget Journal Template and submit it to their OBM budget analyst no later than **June 10, 2016**. 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 for use in FY 2017. **Each allotment journal must have a journal date of July 1, 2016 in order for those allotments to be accessed in FY 2017.**

Agencies can find allotment templates, copies of guidance documents, and other allotment resources on the OBM website at http://obm.ohio.gov/Budget/operating/fy16-17_Implementation.aspx

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

- Agency Control Totals (provided by OBM budget analyst)
- OAKS ChartField Definitions by Account
- OAKS FIN or Business Intelligence (BI) reports from FY 2016 and prior years that provide a portrait of historical spending patterns.

Should agency staff members have any questions regarding the allotment process or experience difficulties in completing the required allotment journal, they should contact their assigned OBM budget analyst or Ben Boettcher (Benjamin.Boettcher@obm.ohio.gov).

B. Step-by-Step Instructions

Allotment Budget Journal Requirements

Agencies will:

- Populate the following information in the template provided by OBM – Budget Period, Fund, Line Item, Account Category and Amount (See below for details regarding the coding methodology for each of these items).
- Prepare an allotment journal in OAKS that matches the completed template. These journals must have a journal date of **July 1, 2016**.

Identify the Budget Period

Agencies will:

- Allot the payroll account (500) quarterly, while allotting all other account categories annually. Agencies should designate all quarters in the following format:

Quarter 1: 2017Q1
Quarter 2: 2017Q2
Quarter 3: 2017Q3
Quarter 4: 2017Q4

For all non-payroll account categories, the budget period is 2017. For payroll, agencies should assume 26 pay periods for FY 2017, with quarters 1 and 2 containing seven pay periods and quarters 3 and 4 containing only six pay periods.

Identify the Fund (4-digit Code)

Agencies will:

- Prepare allotments for all funds from which expenditures will be made.
- Confirm that the prepared allotment budget journal includes all relevant funds.

Identify the appropriation line item (ALI) (6-digit Code)

Agencies will:

- Prepare allotments for all ALIs for which appropriations are authorized.
- Confirm that 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
560 – Goods and Services for Resale
570 – Capital Items
590 – Judgments, Settlements, and Bonds
591 – Debt Service
600 – Unassigned (Available for use if an agency opts not to allot the full amount at the beginning of the year)

Identify the Amount

Agencies will:

- Indicate the appropriate amounts for each Account Category.
- Be certain that the amount for all Account Categories within a line item do not exceed the control total for the associated line item.
- Make sure that all allotments are in whole dollar amounts rather than dollars and cents.

C. General Considerations for Preparation & Review

Technical Review

- Are all funds and line items accounted for within the allotment plan?
- Does the total allocation by line item equal the fiscal year control amount provided by OBM?
- Is the addition correct? Are allotments in whole dollars? (keep in mind if copying and pasting from Excel)
- Has the agency prepared allotments for all applicable categories (i.e., payroll, purchased personal services and other, maintenance, equipment, subsidy, refunds)?
- Does the allotment journal have a journal date of July 1, 2016?

Substantive Review

Payroll

- Are the allotments sufficient to cover payroll projections for the fiscal year? As a reminder, health care premiums will increase by 13 percent in FY 2017.
- Are payroll allocations consistent with the number of pay periods per quarter? There are currently twenty-six payrolls to account for with seven in quarters 1 and 2 and six in quarters 3 and 4 (7, 7, 6, 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 fiscal year experience lend any insight into the development of the new fiscal year allotment budget?
- Are the allotments for non-GRF supported ALLs 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 10, 2016**. Agencies must upload journals in OAKS FIN and submit the allotment plans by email to the OBM budget analyst by this date. Again, OAKS FIN journals must have a journal date of July 1, 2016.

IV. Submission and Adjustments to the Allotment Budget

As discussed previously, since changes in appropriation levels may occur in several instances, agencies will be directed to modify their allotment plans once final appropriation amounts become known. As a result, agency fiscal personnel may be contacted by their OBM budget analyst to make revisions as necessary in order to ensure that allotment plans do not exceed appropriations. We request your understanding and assistance in making these adjustments in as a short amount of time as is possible and submitting them to the OBM budget analyst for review. Once the OBM budget analyst has notified you of their approval of the modified plan, please make final adjustments to the allotment journal you previously prepared and the OBM budget analyst will then post it for use in FY 2017.

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 enter an allotment budget transfer in OAKS FIN reflecting the necessary adjustments as well as sending an explanation of the change to the OBM budget analyst. The OBM budget analyst will review the request, follow-up with any clarifying questions and, if all is in order, approve the journal for posting.

Track and Control Budgets: In addition to the allotment planning process, which requires agencies to submit their allotment budgets by June 10, 2016 and envisions posting those by June 30, 2016, agencies also need to load and post their own agency budgets no later than June 10, 2016. While the allotment budgets will be posted by OBM, the development, loading, and posting of the agency budgets (i.e., track and control budgets) is strictly an agency function. Direct questions concerning agency budgets to the General Ledger team at OBM.Chartfield@obm.ohio.gov.