



**Office of State Budget Director**

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**TO: All State Government Organizational Entities**

**FROM: Mary E. Lassiter** *ME*  
State Budget Director

**DATE: May 10, 2011**

**SUBJECT: Request for Allotment Process for Fiscal Year 2011-2012**

**INTRODUCTION**

To initiate the operating budget execution activities for fiscal year 2012, which begins July 1, 2011, the Commonwealth engages in the Request for Allotment process. KRS 48.610 requires a schedule of quarterly allotments of appropriations for each fiscal year. This process will be done electronically through the use of the enhanced Management Administrative Reporting System (eMARS), specifically the KBUD software.

eMARS opens a future fiscal year to post fiscal year 2011-12 appropriations and allotments in time to facilitate other new fiscal year eMARS activities, such as the loading of new year contracts. To meet that timeline, agencies must submit their Request for Allotments for fiscal year 2011-12 no later than June 10, 2012. The enacted appropriations, as modified by prior reorganizations, are the basis for this process. The amounts related to prior reorganizations must first be approved by the Office of State Budget Director.

**FISCAL YEAR 2011-12 ALLOTMENT REDUCTIONS – AFTER THE FACT**

As you know, this Office has requested spending reduction plans from Executive branch agencies. This action is one of several methods necessary to balance the enacted fiscal year 2011-12 budget. The full amount of the appropriation will be initially allotted through this process. At a later date, allotment reductions will be processed once spending reduction decisions have been made.

## GENERAL INFORMATION ON THE REQUEST FOR ALLOTMENT PROCESS

The Executive branch appropriation amounts for which a Request for Allotment is made will reflect the amounts contained in House Bill 1 and House Bill 3 from the 2010 First Extraordinary Session of the General Assembly, as modified by reorganizations. There were several other changes made to appropriations in House Bill 1 from the 2011 First Extraordinary Session of the General Assembly. The Legislative Branch appropriation amounts are included in House Bill 511, and the Judicial Branch amounts are in House Bill 293. Any questions regarding appropriation levels should be directed to your respective Policy and Budget Analyst in the Governor's Office for Policy and Management (GOPM).

Pursuant to KRS Chapter 48, information furnished on the General Fund Request for Allotment forms will reflect the five object type expenditure codes. These "Principal Budget Classes," as defined in KRS 48.010, are as follows:

- A. **Personnel Costs (1)** – means the salaries, wages, benefits (including, but not limited to, employer share of FICA, retirement contributions, insurance, unemployment insurance, workers' compensation), and increments of all officers and employees, and payments to persons awarded personal services contracts.
- B. **Operating Expenses (3)** – means expenditures directly attributable to the operation of state government not otherwise classified here.
- C. **Grants, Loans, Benefits (4)** – means expenditures for any grant, aid, loan, or relief payment to individuals, organizations, or jurisdictions not otherwise classified here.
- D. **Debt Service (5)** – means the amount of money required to pay the interest, principal, and required contributions to accumulate moneys for the future retirement of lawfully incurred debt.
- E. **Capital Outlay (6)** – means the exchange of values involved in acquiring lands, buildings, or other permanent properties, or in their construction, development or permanent improvement estimated to cost greater than five thousand (\$5,000) and less than six hundred thousand dollars (\$600,000), and items of equipment or other capital items estimated to cost less than two hundred thousand dollars (\$200,000).

Agencies are also required to fill out the Request for Allotment forms using all five Principal budget classes for the General Fund only. The allotments by the Principal budget classes are annual amounts. Agencies will not be required to allot to the five Principal budget classes in non-General Fund accounts.

## USING KBUD FOR THE PREPARATION AND SUBMISSION OF REQUESTS FOR ALLOTMENT FOR FISCAL YEAR 2011-12

The KBUD 2012 Budget Execution forms will be available beginning May 16, 2011. Users experiencing difficulties with accessing KBUD should contact the KBUD Administrators at [KBUDAdministrators@ky.gov](mailto:KBUDAdministrators@ky.gov).

1. **Entry of Allotment Requests for Fiscal Year 2011-12** – Allotment requests for the Operating Budget will be entered by agencies into the KBUD software. Agencies should use the “12\_AL\_Original-Allotment Request” form to enter the allotment requests.
2. **Budgetary Control Treatment of Encumbrances** – The timing of encumbrances is **not** an element to consider in determining the quarterly amount of allotments. Budget availability for transactions that create encumbrances within eMARS will check against the full fiscal year’s unobligated allotment balance. In this case, unobligated allotment balance means total fiscal year allotments minus accrued expenditures minus cash expenditures minus encumbrances. **The quarterly allotment amounts should represent an estimate of an agency’s expenditure pattern across the four quarters, without any influence from the anticipated timing of encumbrances.**
3. **Quarterly Allotment Amounts** - Information on past quarterly expenditure patterns is available through reports from infoAdvantage, the Management Reporting Database (MRDB), the eMARS Allotment Program Inquiry (BQ3LV2), or through FAS<sup>2</sup> (Financial Analysis System<sup>2</sup>).
4. **Tobacco Settlement – Phase I Funds** – Agencies with appropriations from this source should request quarterly allotments similar to past fiscal years. To the extent feasible, allotments for Health Care Improvement and Rural Development programs should be oriented to the end of the fiscal year. Please consult your Policy and Budget Analyst if you have any questions.

Please consult with your Policy and Budget Analyst if you have any questions about the Request for Allotment process.