

State of Washington  
Office of Financial Management

# 2015-17 Allotment Instructions

MAY 2015



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Visit our website at [www.ofm.wa.gov](http://www.ofm.wa.gov)

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## About the Instructions

OFM is publishing these instructions prior to the Legislature approving all 2015-17 budgets; therefore, they may be subject to change. Any updates to these instructions pursuant to budgetary or law changes will be updated and transmitted to agencies. Please ensure that appropriate staff for your agency is signed up on the BASS Listserv.

### Significant changes from previous Allotment Instructions:

#### Cash Allotments are now optional

Effective for the 2015-17 biennium, the requirement to include cash receipts and cash disbursement allotment estimates is **eliminated**. See Section 2.6 for details.



#### Life Cycle Cost Analysis (LCCA)

Life Cycle Cost Analysis (LCCA) is a method for assessing the total cost of ownership for a new facility or a building system. Starting in the 2015-17 biennium, projects with a total cost greater than \$5 million or new building projects greater than 5,000 square feet must include a life cycle cost analysis using OFM's Life Cycle Cost Tool. If the predesign was started after July 1, 2015, the agency must submit the executive summary from the Life Cycle Cost Tool (LCCT) prior to receiving the design services allotment. The LCCT can be found on OFM's forms page at: <http://ofm.wa.gov/budget/forms.asp> under Capital budget forms. See OFM's Predesign Manual for additional LCCA information. See Section 6.1 for details.



These instructions describe the requirements for allotments and related processes. They outline agency requirements for preparing and submitting:

- » Initial allotments – operating and capital
- » Allotment amendments – operating and capital
- » Major capital project and other capital allotment requirements
- » Special allocations and savings incentive program information

Agencies must use TALS-AMR (The Allotment System-Allotment Management and Review) for submitting allotments to OFM. The system offers many tools, including:

- » The ability to import data from the Salary Projection System (SPS).
- » The ability to import and export allotment data via Excel.
- » A full range of edit checks that ensure each allotment meets all required standards, and that agencies are alerted to anomalies that warrant a note to OFM. In many cases, the edit check will provide the user with a link to the data elements causing the error. This will facilitate review and correction.
- » Flexible data views and reports that give common views to agencies and OFM.
- » Comments fields and a communication log feature.
- » The ability to build allotments for cash receipts and disbursements based on past patterns. See Chapters 2.6 and 2.7 for more information.

TALS has multiple avenues to provide both documentation and explanation of the agency spending plan. Agencies are urged to exploit this functionality. In addition to the ability to add comments for each component of the packet, an unlimited number of attachments may be included in the allotment request.

- ❖ Agencies cannot provide “too much” information.
- ❖ Consider the questions OFM or legislative staff may have asked in the past and provide that information as part of the allotment request.

## Learn More

**Training on the system is available for all users to help you take full advantage of system features.**

Please go to <http://www.des.wa.gov/services/IT/SystemSupport/Training/Pages/default.aspx> to register for training. The class on The Allotment System - Allotment Management and Review (TALS-AMR) provides an introduction to TALS-AMR and takes you through the sequential steps of building an initial allotment and subsequent amendments.

**A TALS-AMR System tutorial is available to help guide the user through all aspects of the allotment system application.**

TALS AMR tutorial found in the BASS Library at <http://bass.ofm.wa.gov/BASSPR/library/default.htm> or <https://fortress.wa.gov/ofm/bass/BASSPR/library/default.htm> for those using Fortress.

## Chapter 1

# Allotment Basics

## 1.1 WHAT ARE ALLOTMENTS?

Allotments are a detailed plan of expenditures authorized in the budget, the assumed revenue estimates, and the related FTE estimates.

Agencies, OFM, the Legislature, and the public monitor an agency's actual spending and revenue against its allotments. Allotments must:

- » Conform to the terms, limits or conditions of legislative appropriations.
- » Reflect the priorities of the agency's strategic plan, the implementation of those strategies, and the achievement of performance targets.
- » Serve as the agency's best estimate of how their authorized expenditures will be spent and the revenue it will earn each month of the biennium.

**Allotments are a detailed plan of enacted budgets**

### Allotments support good financial management

The executive and legislative branches monitor an agency's actual spending compared to its spending plan. This monitoring helps prevent over-expenditure and improves the assumptions upon which budgets, spending plans, and other financial decisions are based. Allotments enable the state to take advantage of the expected pattern of state spending for the timing of bond sales and state-level cash management. Additionally, actual revenues are monitored to revenue estimates to ensure that resources will be available to cover anticipated spending.

Allotments and allotment controls help ensure that:

- » Appropriations are used only for purposes that meet legislative intent.
- » Sufficient funding exists to allow the state to incur financial obligations.
- » Changes in the original budget assumptions are communicated and understood.

OFM monitors actual expenditures and revenue against allotments and posts monthly fiscal status reports on the OFM website at <http://www.ofm.wa.gov/budget/fiscalstatus/default.asp>.

Other expenditure reports for operating and capital budgets on the OFM website at <http://www.ofm.wa.gov/mondata/default.asp>.

We expect agencies to monitor variances and to take management action as appropriate. Administering agencies should regularly track the fiscal health of accounts for which they are responsible. Agencies can order a variety of Enterprise Reporting Administering Agency reports to assist in this effort. See <https://rp.des.wa.gov/>.

**What are the required components of allotments?**

Allotments and allotment amendments must contain the following fiscal data elements:

- » Monthly estimated expenditures for each program by object and expenditure authority code. (The Department of Social and Health Services must provide this data at the subprogram/budget unit level.) If desired, agencies may create allotments lower than the required levels.
- » Monthly estimates of FTEs separated into General Fund State (GF-S) and Other Funds.
- » Monthly estimates of revenue by major source, source, and account.

Various reports, review protocols, data entry screens and system edits rely on the proper use of the Packet Purpose Type to indicate the allotment purpose.

**Use of an incorrect packet purpose type will result in either critical errors or the packet being returned by OFM, which will result in a delay in the approval process.**

**Packet Purpose Types indicate the allotment purpose.** OFM and the Legislature have a need to view the allotments by purpose or type. The TALS system requires users to select a particular packet purpose.

Packet purposes include:

- Initial Allotment (Operating or Capital)
- Operating 2nd Quarter Adjustments
- Operating 3rd Quarter Adjustments
- Operating 4th Quarter Adjustments
- Operating 5th Quarter Adjustments
- Operating 6th Quarter Adjustments
- Operating 7th Quarter Adjustments
- Operating 8th Quarter Adjustments
- Revenue and Cash Adjustments
- Capital Amendment
- Capital Transfer
- Operating Allocations (used, for example, Retrospective Rating Refund, Parking Revenues, and Savings Incentive Account)
- 1st Supplemental (Operating or Capital)
- 2nd Supplemental (Operating or Capital)
- Legislative Allotment Reduction (Operating or Capital)
- Governor's Cash Deficit Reductions (Operating or Capital)
- Unanticipated Receipts (Operating or Capital)
- Internal Adjustments (Operating or Capital)



## 1.2 THE EXPENDITURE AUTHORITY SCHEDULE AND ALLOTMENT CONTROLS

### The Expenditure Authority (EA) schedule documents legal controls and budget assumptions

The EA schedule displays all components of an agency's budgeted expenditure authority, including appropriations, allocations, unanticipated receipts, nonappropriated account and revenue budget assumptions, and other elements. Agencies can access this schedule at any time and identify how elements have been adjusted over the biennium. The new schedule for the 2015-17 biennium will be available to agencies soon after the Governor signs the omnibus operating, transportation and capital budget bills and any other legislation with appropriations. Revenue control amounts may also be updated but will lag behind the expenditure updates.

Agencies can access their schedules through the Enterprise Reporting System at <https://rp.des.wa.gov/>.

For fortress users, the Internet website address is: <https://secureaccess.wa.gov/>.

### TALS will enforce Expenditure Authority Schedule control totals

Total allotments – that is, the total dollars in allotted, unallotted and reserve status – for each appropriated expenditure authority code must equal the total expenditure authority amount shown for that code on the EA schedule.

**See Appendix B for additional Expenditure Authority Schedule (EA) information**

Portions of the agency's expenditure authority that the agency does not yet have a plan to spend must be reported as *unallotted*. If the agency does not expect to spend the appropriation authority these funds must be reported as *reserve* status. The total allotted and unallotted, plus reserve amounts, must match the agency's expenditure authority schedule.

Each time an agency submits an allotment, TALS will check to ensure that the combination of approved and submitted allotments match the EA schedule. The allotment cannot be released to OFM if the proposed total expenditure allotments do not match the EA schedule for appropriated dollars.

TALS also will compare allotments for revenue and nonappropriated accounts to the budget assumptions on the EA schedule. If the proposed allotments vary significantly from the EA assumptions, agencies are required to provide an explanation to OFM.

The checklists at the end of Chapters 2, 3, and 4 summarize these pre-release edits.

Also see Appendix 4 of [The Allotment System \(TALS-AMR\) Allotment Management & Review User Guide](#) beginning on page 175 for a complete list of pre-release edits.

### Tracking federal American Recovery and Reinvestment Act funding

To facilitate the tracking of federal American Recovery and Reinvestment Act (ARRA) dollars, OFM created three "Appropriation Types":

1. 8 – Federal Stimulus
2. U – Unanticipated Federal Stimulus
3. N – Nonappropriated Federal Stimulus

While these dollars are not differentiated from the underlying federal appropriation authority in the appropriations act(s), this coding allows us to meet the more stringent federal requirements for tracking and reporting these funds. We will continue using this structure until all ARRA monies are fully spent down.

### 1.3 OTHER GENERAL PREPARATION REQUIREMENTS

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The Budget, Accounting and Reporting System Act (Chapter 43.88 RCW) outlines the legal authority and responsibility of the Governor and OFM to allot public funds. Key provisions include:

- » OFM reviews all agency allotments for technical accuracy.
- » Except for legislative and judicial agencies and those headed by elected officials, the Governor will review expenditure plans for reasonableness and conformance with legislative intent.
- » All public funds are subject to allotment unless specifically exempted by the director of OFM. (*Refer to OFM memorandum which will be sent to agencies in June 2015 and posted on OFM's website.*)
- » After initial approval, expenditure plans can be revised only for changes in assumptions each quarter, for legislative changes in appropriation levels or allocations, or for across-the-board reductions mandated by the Governor.
- » Allotment revisions may not be made retroactively.
- » Whenever any money from the federal government, local government, or private sources is received for a specific purpose, and there is no existing expenditure authority (or insufficient expenditure authority), the head of the agency must submit a request for expenditure authority and receive approval from OFM before expending these funds. (See Chapter 4 – Unanticipated Receipts.)

Although the expenditure allotment represents an official spending plan, the appropriation is the maximum legal authority for obligation of funds. No agency is permitted to over-expend or over-encumber any appropriation, or to expend funds contrary to the conditions placed on that appropriation by the Legislature. (The fiscal responsibilities of state officers and employees are enumerated in RCW 43.88.260 through 43.88.320.)

#### **Generally Accepted Accounting Principles (GAAP) requirements for allotments**

Submit expenditure and revenue allotments for budgeted governmental funds on a GAAP modified accrual basis of accounting. This basis recognizes expenditures when the account liability is incurred, if measurable, and revenues in the period in which they become available and measurable. (See the State Administrative and Accounting Manual [SAAM] [80.20.50.b](#) for more information about the modified accrual basis.) The following are exceptions:

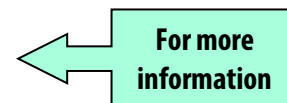
- » Allotting budgeted loans as expenditures when disbursed, and allotting repayments as revenues when received.
- » Allotting capital leases as expenditures when paid.
- » Federal food commodities and food stamps are not allotted.

#### **Omit encumbrances from OFM allotments**

Encumbrances are obligations for goods, materials and services that have been ordered but not received by the end of the accounting period. Do not include encumbrances in the operating or

capital allotments sent to OFM. Agencies are encouraged to make use of encumbrances in their accounting transactions, as defined in the SAAM.

For definitions of encumbrances, expenditures and accruals, see the SAAM at <http://www.ofm.wa.gov/policy/default.asp>.



### **Allotment requirements for mixed funds**

If a fund has either appropriated or budgeted *and* non-budgeted components (a mixed fund), submit expenditure allotments only for the budgeted portion of proprietary funds. However, agencies may submit allotments for expenditures in Object F-Costs of Goods Sold or Object W-Depreciation if the agency uses a non-budgeted EA code (Z96 or Z98) with those expenditures, and enters the allotments into Program 850. This will allow agencies to view a more complete estimated expense picture in allotment reports and ensure that state databases tracking only budgeted amounts will not receive non-budgeted data.

For mixed funds, allot only the portion of revenues that pertain to these allotted expenditures. However, agencies allotting revenue for accounts from which other agencies spend must allot sufficient revenue to cover the other agencies' authorized spending, as well as their own spending, assuming there is sufficient revenue to cover all authorized spending.

### **Agencies may develop additional spending plan views**

We understand that agencies may need alternative spending plan views suited to specific agency management purposes. Agencies may create additional spending plan views through the allotment system by preparing agency-use adjustment packets that can be combined with the OFM-approved allotments in reports. Use the internal adjustment packet purpose type for this purpose. These packets will not be forwarded to OFM for review and approval.

While internal packets serve a purpose for internal agency management, agencies must maintain their official allotment structure so that the Legislature, OFM, the public and decision makers have up-to-date information on projected agency spending.

## **1.4 WHAT ARE THE DUE DATES?**

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### **Statute determines deadlines for submittal and approval**

Agencies must submit proposed initial expenditure plans within 45 days after the beginning of the fiscal period, or within 45 days after the Governor signs the omnibus appropriations bill, whichever is later.

To help with workflow, OFM has established staggered due dates for the initial allotment.

**Appendix A** lists the due dates for each agency.

OFM must enter approved expenditure plans into the state budget, accounting, and reporting system within 45 days of receipt.

Due dates for allotment amendments throughout the biennium can be found in Chapter 3.2.

## 1.5 THE TALS SYSTEM IS USED FOR SUBMITTING ALL REQUIRED ALLOTMENT DATA

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### Agencies must use TALS to submit allotments

The system offers many tools, including:

- » The ability to import data from the Salary Projection System.
- » The ability to import and export allotment data.
- » A full range of edit checks to ensure the allotment meets all required standards, and that it alerts agencies to other anomalies that may warrant a note to OFM. For many edits resulting in errors, the edit check will provide the user with a link to the data elements that are causing the error. This facilitates review and correction.
- » Flexible data views and better reports to give agencies and OFM common views.
- » The ability to build allotments for optional cash receipts and disbursements based on past patterns.
- » Comments fields and communication log features.

TALS allows for extensive comments and attached documents. Agencies are strongly urged to provide documentation supporting their allotment plan. Spreadsheets, explanatory documentation, and notes anticipating questions from your OFM analyst will speed the approval process.

Go to <http://www.des.wa.gov/services/IT/SystemSupport/Training/Pages/default.aspx>.



Sign up for training now

## 1.6 RESOURCES

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### For questions on:

#### *Allotment procedures and policies*

Contact the OFM budget analyst assigned to your agency (see list at <http://www.ofm.wa.gov/budget/contacts/default.asp>) or:

Monica Jenkins, Budget Operations, (360)902-0561, [Monica.Jenkins@ofm.wa.gov](mailto:Monica.Jenkins@ofm.wa.gov)

#### *Revenue allotment*

Deborah Feinstein, Budget Analysis, Revenue, and Compensation, (360)902-0614, [Deborah.Feinstein@ofm.wa.gov](mailto:Deborah.Feinstein@ofm.wa.gov)

#### *Expenditure Authority schedules*

Linda Swanson, Budget Operations, (360)902-0541, [Linda.Swanson@ofm.wa.gov](mailto:Linda.Swanson@ofm.wa.gov)  
Also see Appendix B

#### *Savings Incentive program*

Pam Davidson, Budget Analysis, Revenue, and Compensation, (360)902-0550, [Pam.Davidson@ofm.wa.gov](mailto:Pam.Davidson@ofm.wa.gov)

### Other references:

#### *Glossary of Budget and Allotment Terms*

<http://www.ofm.wa.gov/budget/instructions/glossary.pdf>

#### *Budget, Accounting and Reporting Act – Chapter 43.88 RCW*

<http://apps.leg.wa.gov/RCW/default.aspx?cite=43.88>

*Unanticipated Receipts and Savings Incentive Program – Chapter 43.79 RCW*

<http://apps.leg.wa.gov/RCW/default.aspx?cite=43.79>

*State Administrative and Accounting Manual (SAAM)*

<http://www.ofm.wa.gov/policy/default.asp>

*TALS – AMR Tutorial*

[http://bass.ofm.wa.gov/BassPR/library/TALS\\_AMR\\_Tutorial.pdf](http://bass.ofm.wa.gov/BassPR/library/TALS_AMR_Tutorial.pdf)

## Chapter 2

# Preparing Initial Allotments

## 2.1 ABOUT THE INITIAL ALLOTMENTS

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### What is the purpose of the initial allotment?

The initial allotment represents the agency's initial spending plan for the enacted biennial budgets. It includes:

- » The agency's plan for the 2015-17 biennium for monthly revenue, expenditures and FTEs based on the terms, limits, conditions, and original assumptions in the legislative appropriations and budgets.
- » The related optional monthly plan of cash receipts and disbursements.

**The initial allotment packets — operating and capital — are due August 3, August 7 or August 11, 2015, as specified in Appendix A.**

**When are they due?**

### When will the allotments be approved and available in the Agency Financial Reporting System (AFRS)?

OFM will review and approve the allotments as soon as possible within the statutory deadline of 45 days. We encourage agencies to use the checklist in Chapter 2.9 to minimize errors and questions that can delay the approval process. The allotments are transferred to AFRS when approved. Agencies can track the status of each allotment packet via the allotment system.

### Temporary Spending Authority

The initial allotment is the only exception to the prohibition against retroactivity. When the budget(s) are enacted, the OFM director will authorize temporary spending authority for the period between enactment and allotment approval.

## 2.2 GENERAL REQUIREMENTS FOR THE INITIAL ALLOTMENT SUBMITTAL

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### Use an initial allotment purpose type for initial allotment packets

Use the initial allotment packet purpose type for all initial allotment elements, including expenditures, FTEs, revenue estimates and optional cash receipts and disbursements. All agencies (except DSHS) must use a single packet for the initial operating allotment. DSHS should submit one packet for each program and must identify the appropriate program in the program field in the packet header.

### Take advantage of TALS pre-release edits

One key benefit of TALS is that it automates the task of checking the completed allotments against the EA schedule release edits. If certain edit criteria are not met (i.e., Critical Errors), the agency will not be able to submit the packet to OFM. Other edit checks (Warnings) will alert the agency to significant variances between the allotment and the EA schedule, and situations where OFM requires an explanation. TALS provides several ways for agencies to include explanations and comments as part of the packet.

TALS will check to make sure codes and titles are consistent with established AFRS tables. TALS will also enforce a number of allotment requirements.

These **key edit criteria (critical)** must be met before initial allotment packets can be released to OFM:

- » The total of allotted, unallotted and reserve for each Expenditure Authority (EA) code must match the EA schedule. Operating and capital components will be checked separately to allow these packets to be submitted separately.
- » Expenditure allotments must be submitted at the required level for the agency. This is program level for all agencies except DSHS. Agencies may submit data at a lower level of detail than the level required.
- » Allotments for funds appropriated by fiscal year (for example, General Fund-State) must be allotted in the correct year.
- » The amount placed in reserve must be at least equal to any total legislative allotment reductions or Governor's cash deficit reductions on the EA schedule.
- » For Option 1 agencies, total dollars allotted by object must be equal *by month* to total dollars allotted by appropriation index.
- » If data is allotted in Object F-Costs of Goods Sold or W-Depreciation, a non-budgeted appropriation index and Program 850 must be used.
- » Internal agency expenditure allotments cannot exceed the appropriated EA control numbers.

**Critical edits—  
these criteria  
must be met to  
release the  
allotment**

Agencies will receive **warning messages** for the following conditions and must double-check and correct the data or provide an explanation to OFM:

- » If allotments for federal or private/local expenditures do not match allotments for federal or private/local revenue, respectively.
- » If allotted FTEs do not match the EA control numbers by fiscal year.
- » If allotments for Object T-Intra-Agency Reimbursement do not net to zero at the agency level by fiscal year.
- » If the pattern of allotments by object differs significantly from the current biennium pattern by object.
- » If the pattern of allotments by program differs significantly from the current biennium pattern by program.
- » If the allotted revenues differ significantly from the control numbers on the EA schedule.
- » If the total of allotted, unallotted, and reserve for a nonappropriated expenditure authority code does not match the EA schedule.
- » All warning edits must be corrected or explained in TALS prior to release of allotment packets.

**Warning edits—  
these alert  
agencies to  
questions OFM  
may have**

**Unexplained warnings will result in an OFM packet rejection for correction or inclusion of explanation.**

## 2.3 PREPARING FTE ALLOTMENTS

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### Record FTEs by month and fund source

FTEs represent the number of full-time equivalent staff months to be paid each month. For FTEs, agencies must designate at least one of two fund sources in the allotment: General Fund-State (001) and all other accounts (996). Include General Fund-Federal, General Fund-Private/Local, and all capital FTEs in the Other Funds (996) category.

While agencies are required to distinguish only between the two fund sources noted above, agencies now have the option in TALS to indicate any specific account for FTE allotments if desired or if so directed by OFM.

### Defining and calculating FTE staff months

A paid staff month of employment is defined as one full calendar month of paid employment (the equivalent of 174 paid hours), including callback, overtime and replacement help while an employee takes compensatory time. It also includes all paid leave.

To compute staff months for part-time positions or irregular hours, divide the number of paid hours by 174. The number of staff months should be entered with two decimal places.

### How to allot FTEs and expenditures related to interagency agreements

Allotments are required for interagency agreements assumed in an agency's budget and must be included in the initial allotment packet. The agency providing the funding should show expenditures in Object ER. The agency receiving the reimbursement should reflect the expenditures in the appropriate object(s) and the reimbursement in the appropriate sub-objects for Object S. The FTEs are assumed to be available in the agency receiving the reimbursement. However, if additional FTEs are required for the service delivery of these agreements, agencies are permitted to exceed their allotted FTE control number as long as they provide an explanation with the allotment packet.

If an agreement is made during the biennium, the agency should submit a quarterly allotment amendment packet if the change is material. If the adjustment is the result of a supplemental budget, allotments must be made in a **supplemental packet purpose type**.

### Use the TALS tool to allot FTEs

In order to ensure that OFM has a clear understanding of allotted and actual FTEs related to the enacted budget, you need to account for and segregate FTEs and expenditures related to interagency agreements.

A tool is available through TALS-AMR that allows agencies to easily identify FTEs and related expenditures tied to interagency agreements in their initial allotment submittal. The tool, known as the **“User Defined Field,”** which can be set up by agencies to display the information by following the directions provided below.

Agencies with interagency FTEs that will be allotted to General Fund-State are strongly encouraged to use this tool. In addition, all agencies with interagency FTEs, regardless of the fund they are allotted to, should provide an attachment in the form of a spreadsheet that shows FTEs



and estimated expenditures by the initiating agency, the agreement purpose, fiscal year, program, and account. Narrative descriptions should be detailed and complete.

Refer to page 36 of the TALS-AMR tutorial at [http://bass.ofm.wa.gov/BassPR/library/TALS\\_AMR\\_Tutorial.pdf](http://bass.ofm.wa.gov/BassPR/library/TALS_AMR_Tutorial.pdf).

## 2.4 PREPARING EXPENDITURE ALLOTMENTS

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### **Provide monthly estimates of expenditures by object, account and expenditure authority code**

Agencies must provide estimates of monthly expenditures by object, account, expenditure authority code and expenditure authority type.

The expenditure allotments should represent the agency's best estimate as to how and when expenditures will be incurred within the limits of the appropriation. Expenditures, in this case, include the total of accrued and cash expenditures.

### **Placement of expenditure authority not planned for use in either unallotted or reserve status**

Expenditure authority the agency does not yet plan to use must be placed in reserve or unallotted status. **Reserve status** applies to expenditure authority the agency does not expect to use because of circumstances such as the Governor's cash deficit allotment reductions, technical corrections, or proviso compliance. Once funding is placed in reserve status, it usually is not allotted at a later time. **Unallotted status** refers to expenditure authority not yet specifically scheduled, but that the agency expects to allot at a future time.

If later in the biennium the agency does schedule expenditures for the authority originally placed in unallotted status, the agency must submit a quarterly adjustment packet purpose type allotment packet to move the authority from unallotted to allotted status.

### **Object codes must conform to SAAM**

For more information on object codes, see [Section 75.70](#) in the SAAM.

### **Allotment reductions**

Sometimes, rather than adjusting the individual agency appropriations, the Legislature includes a summarized allotment reduction in the appropriations bill. Usually found in the latter sections of the appropriations bills, and often supported by a LEAP document, the language often directs OFM to allocate the reduction to agencies on some basis. OFM will provide specific instructions for allotting these reductions once the bill is enacted. The instructions would describe the allotment reduction, the methods used to calculate the amount, and spreadsheets displaying specific amounts for each agency. Agencies would use a legislative allotment reduction packet purpose type for these adjustments.

## 2.5 PREPARING REVENUE ALLOTMENTS

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### **Provide monthly estimates of revenue by major source, source, and account**

Provide monthly estimates by major source, source, and account for all revenue, including operating revenue transfers for which the agency is responsible. Revenues include the total of accrued and cash revenue.

Agencies must submit allotments for all revenues they collect, even if those revenues are spent by other agencies.

**Allot only those revenues your agency collects**

### **Revenue transfers must be included in revenue allotments**

Many transfers are coded and performed by Agency 701-Treasurer Transfers. However, some are not. Other agencies sometimes forget to include revenue allotments for certain types of transfers they will make, e.g., operating transfers and statutory transfers between accounts. These revenue transfers must be allotted.

Sometimes more than one agency or account is involved in a transfer. In these cases, the allotments must be consistent with the way each agency will record the actual transfer. In almost all cases, an agency records both sides of the transfer, even if the agency does not actually administer one or more of the accounts involved. In the event that another agency will record part of the transfer, please coordinate with that agency to ensure you are using the same assumptions in your allotment estimates.

Only the State Treasurer should allot those transfers required by statute to be made by the Office of the State Treasurer.

### **Constraints on federal and private/local revenue allotments**

Provide revenue estimates for federal and private/local accounts to match expenditures authorized by the Legislature, or the amount expected, whichever is less. Revenue estimates for federal or private/local account sources must be equal to the total expenditures for both the operating and capital budgets.

There are only a few exceptions where federal and private/local revenue and expenditures are allowed to be out of balance. You must include an explanation with your allotments in these cases.

Known exceptions to the 'federal match by agency' rule include:

- » State Treasurer, Fund 113-Common School Construction Account.
- » Military Department, Fund 05H-Disaster Response Account. Federal revenue will exceed expenditures by the amount of recovery dollars received when disasters are closed out. These dollars become state fund balance, which offsets federal expenditure variance.
- » Health Care Authority, Fund 001-General Fund-Federal. After expenditures are settled, match revenue leaving a positive variance to offset negative variance in Veterans Affairs. These funds are Medicaid dollars booked at HCA but spent in support of state veterans' homes statewide.
- » Department of Veterans Affairs, Fund 001-General Fund-Federal. Negative variance is offset to positive variance in HCA. Funds are Medicaid dollars booked at HCA but spent in support of state veterans' homes statewide.
- » Employment Security, Fund 119-Unemployment Compensation Administration Account. Carry forward fund balance from previous biennium.

Similarly, private/local revenues must equal private/local expenditures shown in the agency's budget (both operating and capital) unless the agency receives private/local revenue that is spent by another agency. In this case, private/local revenue and expenditures must net to zero at the statewide level.

Known exceptions to the ‘private local match by agency’ rule include:

- » Criminal Justice Training Commission, Fund 03M-Municipal Criminal Assistance Account. Carry forward fund balance from previous biennium.
- » DSHS, Fund 001-General Fund-Private/Local. After expenditures are settled, match revenue.

### **Revenue allotments must conform to the most recent forecasts**

For those agencies with revenue subject to review by the Economic and Revenue Forecast Council or the Transportation Revenue Forecast Council, estimates must be consistent with the current GAAP revenue forecast. For agencies that prepare their own dedicated account forecasts, estimates must be consistent with their agency’s current forecast.

### **Allotting revenue for proprietary funds**

In general, submit revenue allotments only for the **budgeted** portion of proprietary funds. Since expenses in proprietary funds are often not fully budgeted, only the portion of revenues that pertain to the budgeted expenses should be allotted. These estimates must contain sufficient revenue for all agencies spending from the account, and must cover compensation allocations if these are included in the budget.

### **The EA schedule provides the revenues assumed in the budget and official forecasts**

TALS will compare the revenue allotments with the EA schedule, which shows the revenues assumed in the budget and official GAAP forecasts. Because the budget data usually reflects the Governor’s proposed budget, an agency’s most recent estimates may differ significantly from the control numbers. If there is a significant variance, the agency will receive a warning message and a prompt to review and correct the allotment, if necessary, or to provide an explanation to OFM. However, if, in spite of the warning, the allotments contain the agency’s best estimate of revenue, you must provide that in the explanation area of your packet.

If you wish to discuss the EA schedule revenue assumptions, contact Deborah Feinstein in Budget Analysis, Research and Compensation at [Deborah.Feinstein@ofm.wa.gov](mailto:Deborah.Feinstein@ofm.wa.gov).

### **Revenue may be split between the capital and operating initial packets**

Agencies may submit all revenue as part of the initial operating allotment or may divide revenue between the operating and capital initial packets, as appropriate. In the latter case, any revenue included in the capital allotment should be specifically related to capital purposes.

### **Allotments must utilize appropriate revenue source codes**

[Section 75.80](#) of the SAAM lists appropriate revenue source codes and titles.

### **On what accounting basis should revenue be estimated?**

In accordance with generally accepted accounting principles (GAAP), revenue allotments in governmental funds should be based on the modified accrual basis. That means revenues are recorded when available and objectively measurable. “Available” means collectable within the current period or soon enough thereafter to be used to pay the liabilities of the current period. “Measurable” means the amount of the transaction can be determined.

In proprietary and fiduciary funds, revenue allotments should be estimated on an accrual basis. That means revenues are recorded when earned and objectively measurable.

Revenue allotments for 2015-17 should exclude revenue earned in 2013-15 even if the cash will be received in the 2015-17 biennium. Revenue allotments for 2015-17 should include any revenue earned in 2015-17, even if the cash is not expected to be received until the 2017-19 biennium.

## 2.6 PREPARING CASH DISBURSEMENT ALLOTMENTS

### Significant changes from previous Allotment Instructions:

Effective for the 2015-17 biennium, the requirement to include cash disbursement allotment estimates is eliminated. These allotments are now optional.



Follow the instructions below if your agency chooses to submit cash disbursement allotments. Agencies may choose to maintain cash allotments for their own internal management purposes, but OFM no longer requires them and will not review nor enforce their accuracy. TALS-AMR will support cash allotments but all Critical Edits are disabled. Direct questions to your [assigned budget analyst](#).

### Elements of cash disbursement allotments

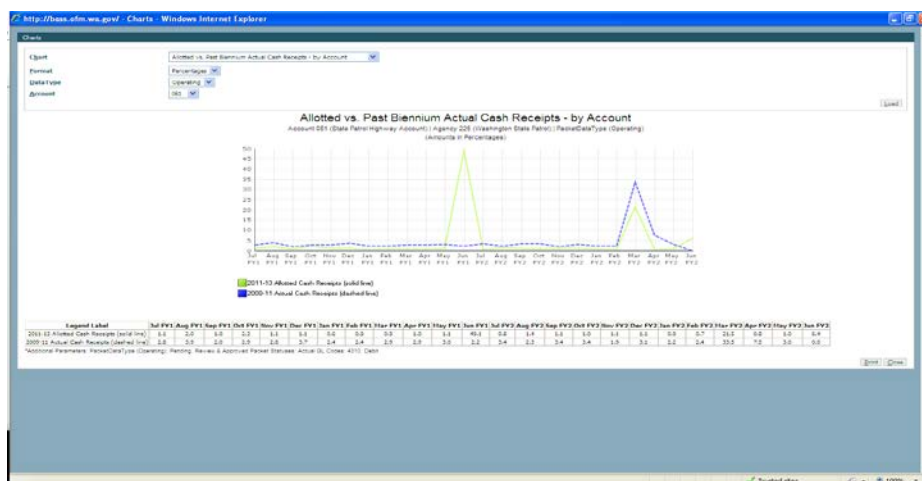
Agencies may provide monthly cash disbursement estimates at the agency/account level.

### TALS provides a tool for estimating cash flows in the initial allotment

Monthly patterns of expenditures and cash disbursements do not usually match exactly due to timing differences between when expenditures occur and when the bill is actually paid. Agencies may wish to analyze the cash flow patterns of the 2013-15 biennium if developing a cash disbursement allotment for the 2015-17 biennium.

TALS assists agencies in developing optional initial cash disbursement allotment. Agencies can identify the total expected cash flow for the fiscal period for a given account, and the system will develop a monthly allotment based on the pattern of the current biennium. Once this allotment is created, agencies can modify monthly amounts as needed. Use the charts available in TALS to compare the pattern of your allotment under development to the prior biennium actuals.

**OFM strongly urges agencies to use this tool to develop optional cash disbursement allotments.**



## 2.7 PREPARING CASH RECEIPT ALLOTMENTS

### Significant changes from previous Allotment Instructions:

Effective for the 2015-17 biennium, the requirement to include cash receipts allotment estimates is eliminated. These allotments are now optional.



Follow the instructions below if your agency chooses to submit cash receipt allotments.

Agencies may choose to maintain cash allotments for their own internal management purposes, but OFM no longer requires them and will not review nor enforce their accuracy. TALS-AMR will support cash allotments but all Critical Edits are disabled. Questions should be directed to your [assigned budget analyst](#).

### Elements of cash receipt allotments

Agencies may provide monthly cash receipt estimates at the agency/account level. Agencies may indicate the major source and source, but this is no longer required by OFM.

For agencies with revenue subject to review by the Economic and Revenue Forecast Council or the Transportation Revenue Forecast Council, cash receipt estimates, if provided, should be consistent with the current forecast. **For agencies that prepare their own dedicated account forecasts, cash receipt estimates should be consistent with their current forecast.**

Agencies may make incremental changes to Cash Allotments by using a "Revenue and Cash Adjustments" packet purpose type transmittal at any time.

## 2.8 GUIDE FOR ESTIMATING EMPLOYEE-RELATED AND CENTRAL SERVICE AGENCY COSTS

**(Note: The rates will be updated once a budget is signed.)**

### Salary and benefit rate information in this section is available in the Salary Projection System (SPS).

For additional information refer to the [SPS tutorial](#) or contact the [DES Solutions Center](#).

### Include non-basic salary costs in the salary estimates

In addition to basic compensation, salary estimates should include callback, irregular hours compensation, terminal leave, and sick or annual leave buy-out. The agency must also accommodate provisions of the Fair Labor Standards Act within available funds.

### Rates for OASI payments (Social Security and Medicare projected rates for calendar years 2015 through 2017, subject to change)

Agencies should program OASI payments at the following rates:

- » Calendar year 2015: 6.2 percent of the first \$118,500 for Social Security purposes, plus an additional 1.45 percent of all salaries for Medicare (a total of 7.65 percent).
- » Calendar year 2016: 6.2 percent of the first \$123,600 for Social Security purposes, plus an additional 1.45 percent of all salaries for Medicare (a total of 7.65 percent). *(Projected by Social Security trustees and subject to change.)*

- » Calendar year 2017: 6.2 percent of the first \$129,600 for Social Security purposes, plus an additional 1.45 percent of all salaries for Medicare (a total of 7.65 percent). *(Projected by Social Security trustees and subject to change.)*

### **Medical aid estimates**

Allotment estimates for the state's share of medical aid and industrial insurance payments should be based on current rates, which differ for various job types. Agencies should verify current occupational rate schedules with the Department of Labor and Industries.

### **State contribution to employee insurance program**

For each eligible employee, the monthly employer funding rate for fiscal years 2016 and 2017 will be announced once there is an enacted omnibus budget.

Subject to a final enacted budget, health benefits are typically funded in each agency's regular appropriations and imbedded in the Expenditure Authority schedule.

### **Employer contributions to retirement systems**

The total allotment for retirement system contributions must be based on the specific employer contribution rate as calculated by the Salary Projection System. Employer contribution rates may also be found at the State Actuary's website at ([http://osa.leg.wa.gov/Actuarial\\_Services/Funding/contr\\_rate\\_warning.htm](http://osa.leg.wa.gov/Actuarial_Services/Funding/contr_rate_warning.htm)). Most percentages include a contribution rate of 0.18 percent (0.0018) of total reportable salaries for the Department of Retirement Systems' (DRS) administrative costs for July 2015 through June 2017. DRS will notify agencies of any changes to this rate.

### **Personnel Service Account charge**

The Personnel Service Account (Account 415) billing rate will be no more than 0.70 percent (.0070) of covered salaries and wages for the 2015-17 biennium. The amount will be invoiced quarterly at the beginning of each quarter. Applicable amounts should be charged to Sub-Object EN, Personnel Services.

### **Higher Education Personnel Service Account charge**

The initial billing rate for the Higher Education Personnel Service Account (Fund 455) will be no more than 0.35 percent (.0035) of covered salaries and wages for the 2015-17 biennium. The amount will be invoiced quarterly at the beginning of each quarter. Applicable amounts should be charged to Sub-Object EN, Personnel Services.

### **Unemployment compensation reimbursement**

Agencies are required to reimburse the Employment Security Department (ESD) for unemployment compensation paid to former agency employees. ESD will notify agencies quarterly of their actual unemployment compensation liability. Estimated unemployment compensation amounts are to be allotted in Object B, Employee Benefits.

### **Central service agency charge estimates and expected timings of billings**

OFM will provide the assumptions in the budget for the incremental changes in these costs following the enactment of the 2015-17 omnibus budget. These costs must be part of the initial allotment for Object E, Goods and Services.

**These are estimates only — agencies must pay for actual goods and services received**

For more information on accounting for these transactions, including assumptions about the timing of these billings, refer to [Subsection 85.90.40](#) in the SAAM.

Remember that the allotments for central service agency charges represent estimates. Agencies are responsible for paying for actual goods or services received, regardless of the estimate.

## 2.9 CHECKLIST FOR THE INITIAL ALLOTMENT PACKETS

This checklist will help ensure your initial allotment is complete and accurate before submittal to OFM.

### Some things to double-check

- Does the allotment reflect legislative intent for the timing of expenditures, distribution of expenditures between fiscal years, and other legislative assumptions?
- Did you use an initial packet purpose type?
- Do the average salary amounts per FTE make sense? (See report AMR 001 or AMR 002.)

### Requirements enforced by the system

- Does the total of allotted, unallotted and reserve for each appropriated EA code match the EA schedule?
- Are the allotments at the correct level? (Program level for all except DSHS.)
- Are allotments for accounts appropriated by fiscal year allotted in the correct year?
- For Option 1 agencies, are the total dollars allotted by object equal by month to total dollars allotted by appropriation index?
- If data is allotted in object F or W, is a non-budgeted expenditure authority code and Program 850 used?

### The TALS system will prompt when an explanation is required (Warnings)

#### OFM requires an explanation in these cases:

- If allotments for federal or private/local expenditures do not match allotments for federal or private/local revenue.
- If allotted FTEs do not match the EA control numbers by fiscal year.
- If allotments for Object T do not net to zero by fiscal year.
- If the total of allotted, unallotted and reserve for a nonappropriated expenditure authority code does not match the EA schedule.
- If the pattern of allotments by objects differs significantly from the current biennium pattern by object.
- If the pattern of allotments by program differs significantly from the current biennium pattern by program.
- If the allotted revenues differ significantly from the control numbers on the EA schedule.

If an explanation is not provided, the packet may be returned for revision or explanation.

## Chapter 3

# Preparing Allotment Amendments

## 3.1 WHEN ARE ALLOTMENT AMENDMENTS EXPECTED AND ALLOWED?

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### When are allotment amendments required?

OFM requires that operating allotment amendments be submitted for the following changes in the agency's initial expenditure, revenue and FTE plan:

- » Legislative changes to an appropriation, such as a supplemental budget.
- » Legislative requirements, such as an allotment reduction.
- » Executive changes to an Expenditure Authority Schedule, such as expenditure reductions directed by the Governor because of a revenue shortfall; emergency fund allocations; retrospective rating refunds; savings incentive account expenditure requests or other allocations (for example, state parking account); and unanticipated receipts requests.
- » Revised estimates of the amount or timing of revenue.
- » Any significant quarterly expenditure updates identified by the agency or requested by OFM.

### Expenditure allotment amendments can be made quarterly

Agencies may submit expenditure allotment amendments quarterly, along with an explanation of the reasons for changes. OFM may request that agencies submit an allotment amendment. Instructions on this type of amendment are covered in Chapter 3.2.

### What are the submittal deadlines?

Except where noted below, allotment amendments are due **no later than the 25<sup>th</sup> of the current fiscal month** to allow time for the OFM budget analyst to review them prior to the AFRS fiscal month cutoff.

Although most allotment amendments released to OFM by the required due date will be approved and entered into AFRS promptly, system problems or analytical issues may sometimes cause delays. Any allotment amendments that miss the AFRS cutoff date, for whatever reason, will be returned to the agency by TALS if it contains retroactive allotment transactions or transactions relating to a closed fiscal month.

### Provide an explanation with allotment amendments

Agencies are required to submit a detailed explanation with the packet for the significant changes reflected in each allotment amendment. This explanation should make sense to someone not familiar with your agency codes and abbreviations.

TALS makes it easy to include an explanation as part of the packet. The system also requires that an explanation be included in the packet for quarterly allotment amendment packet purpose types.



## 3.2 QUARTERLY EXPENDITURE ALLOTMENT AMENDMENTS

### Prepare a quarterly allotment amendment when expenditure assumptions change significantly

The assumptions upon which the initial allotment plan is based may change over time. When changes are significant, agencies should prepare an allotment amendment for the next quarterly update and also submit narrative explanations.

OFM and the Legislature will be monitoring actual expenditures against the allotments, and looking to understand significant variances from the initial allotments. OFM encourages agencies to anticipate questions about such variances and to submit allotment amendments and assumption changes in any quarter necessary to provide reviewers with an accurate understanding of the expected spending plan and variances. OFM may require an agency to submit an allotment amendment.

OFM is particularly interested in amendments to reflect changes in the initial assumptions of key budget drivers, including caseloads, population, client patterns, and revenue. OFM is also interested in significant changes in the planned timing and implementation of programs and services. Agencies should submit allotment amendments and narrative explanations for these changes. OFM encourages agencies to include any other updates that will make the allotment more useful as an expenditure plan.

### Do not make retroactive adjustments

Agencies may **not** make retroactive expenditure allotment amendments (changes to allotments for closed fiscal months) per RCW 43.88.110(7).



### Use “adjustment amount” field to reduce allotment distortion

Agencies have said it is difficult to use the official allotments for management purposes because the statute prohibiting retroactive adjustments and system limitations led to distortions of the allotment picture. In this case, the entire adjustment for prior months had to be made in the current fiscal month, distorting the allotment picture for that month.

TALS solves this problem by offering an “adjustment amount” field (aka: the Bucket). This allows agencies to move allotment capacity from closed fiscal months without skewing the current month or changing the official allotment record for closed months.



**Note:** The “adjustment amount” field may only be used for quarterly allotment adjustments. Agencies may not use this tool in any other packet purpose type.

The total adjustment from closed months can be placed into the adjustment month field, and the current month amount will contain the actual change desired for that month. The adjustment amount will show as a separate entry on the TALS-AMR reports. For now, the adjustment amount will continue to be posted to AFRS in the current fiscal month. OFM’s long-range plan is to enable use of this field in AFRS and all reporting.

This adjustment amount feature is intended to provide a way to handle retroactive allotment adjustments. This will reduce the need for internal allotment adjustments.

### When are the quarterly allotment amendment deadlines?

Quarter	Due Date
2	October 25, 2015
3	January 25, 2016
4	April 25, 2016
5	July 25, 2016
6	October 25, 2016
7	January 25, 2017
8	April 25, 2017

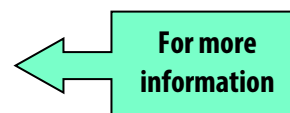
### Requirements for submitting the allotment amendment

Use the appropriate Operating Quarter Adjustment packet purpose type.

Expenditure revisions may include altering expenditure estimates by month, program, or object; shifting estimates between allotted and unallotted status; and updating nonappropriated account estimates. Revenue, cash receipt, and cash disbursement amendments are optional and may be included in the packet when appropriate.

All quarterly adjustment allotment packets must net to zero (appropriated expenditures only).

See Chapters 2.3-2.7 for general requirements for expenditure, FTE, revenue, and cash allotments. Also see the allotment amendment checklist at the end of this chapter.



### Requirements for submitting the explanation

Agencies must provide a brief description of how the spending plan assumptions have changed from the initial allotment for any significant revisions included in the amendment. If the answer to any of the following questions is “yes,” the system will require that an explanation be included in the packet:

- » Have any assumptions of key budget drivers — caseloads, population and client patterns, or revenue — changed significantly from those in the initial allotments?
- » Has there been a significant change in the planned timing and implementation of programs or services? For example, a new institution will open three months later than originally planned.
- » Has there been any other significant change in assumptions from the initial allotment? For example, new requirements identified in the design phase of an information technology project will cause a significant change in project scope and project costs. OFM would not consider as significant, for example, cost shifts due to a delay in purchasing a small number of personal computers or to fill vacancies.

### 3.3 REVENUE ALLOTMENT AMENDMENTS

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#### **Revenue allotment amendments for forecast and other assumption updates**

Revenue amendments are required whenever the quarterly revenue forecasts of either the Economic and Revenue Forecast Council or the Transportation Revenue Forecast Council are revised. Revenue estimates for agencies not reporting to these councils should be amended to reflect any change in the amount or timing of projected revenues, or to adjust for actual collection experience.

Agencies must report material adjustments for any of the approximately 400 accounts with current revenue allotments.

#### **Submittal deadlines for forecast allotment updates**

Submit forecast-related amendments by the 25<sup>th</sup> of the month following a forecast. Submit other revenue amendments by the 25<sup>th</sup> of the month to ensure approval prior to the AFRS cutoff. See Chapters 2.5-2.7 for general requirements for revenue allotments.

#### **Agencies may, at their discretion, submit cash allotments when assumptions change significantly**

Because cash allotments are optional where there is an agency value in information for the agency's cash management needs, agencies may submit cash allotment amendments whenever assumptions for cash receipts and disbursements change significantly.

### 3.4 ALLOTMENT AMENDMENTS FOR LEGISLATIVE BUDGET CHANGES

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#### **Supplemental budgets are the most common legislative budget change**

When an agency's budget is changed in a supplemental budget, the agency must submit an allotment amendment to reflect those changes. After a supplemental budget has been enacted and the Expenditure Authority Schedules is updated, OFM will issue separate instructions for these allotments. Use the appropriate supplemental budget packet purpose type for these allotments and packet title as indicated in the separate instructions.

### 3.5 ALLOTMENT AMENDMENTS FOR ALLOCATIONS

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#### **What are allocations?**

For various reasons, the Governor may authorize allocations that increase or decrease an agency's spending authority. Some examples include Emergency Fund allocations; Fund 03K-retrospective rate refund allocations, Fund 277-parking revenues, Fund 290-savings incentive, and certain legislated compensation allocations.

Instructions for allotting some of the more typical allocations are listed below. For other allocations, OFM will distribute separate written instructions as appropriate.

#### **Use the correct packet purpose type**

Use the operating allocations packet purpose type for these allotment amendments along with a title that best describes the allocation packet.

**Governor's Emergency Fund (001-4), Expenditure Authority Code 611 (first year) or 612 (second year)**

The agency must send a letter to the Governor and OFM requesting an allocation and explaining the need and dollar amount. If approval is granted, the Expenditure Authority schedule is updated. An approval letter is sent to the requesting agency with instructions to allot the allocated amount.

**Savings Incentive (290-6), Expenditure Authority Code 976**

This allocation applies only to agencies with a General Fund-State appropriation and existing credit remaining in Account 290, Savings Incentive Account. See Chapter 3.6 for additional information.

**Parking Revenue (277-6), Expenditure Authority Code 977**

All parking income collected from the fees imposed by state agencies for parking spaces at state-owned or leased facilities, including the Capitol campus, are deposited in the state agency parking account. Only OFM can authorize expenditures from this account. Agencies can request for allotment only the beginning budget fund balance plus any amounts deposited into the account.

Agencies may use funds to:

- » Support their commute trip reduction program under RCW 70.94.521 through 70.94.551.
- » Support their parking program.
- » Support the lease or ownership costs for their parking facilities.

**Retrospective Rating Refund (03K-6), Expenditure Authority Code 978**

These allocations relate to premium refunds earned by the agency. Expenditures cannot be higher than the refund amount earned by the agency. Per RCW 51.44.170, these funds may only be used to promote or provide incentives for employee workplace safety and health, and for early, appropriate return-to-work for injured employees. When submitting an allotment for these funds, the agency must include an explanation in the packet about how the money will be spent.

**Allocation amounts are reflected in the EA schedule**

Allocations are reflected on the EA schedule as they are available. For the last three allocations listed above, the amounts on the schedule reflect the beginning fund balance and any new revenue posted to AFRS by the agency. An email notification is sent to the agency when a revised EA schedule is published.

Note: These amounts represent the maximum amount available for the biennium, not the current balance after expenditures.

**Agencies must have an approved allotment prior to spending any allocations**

Agencies must be in compliance with the Budget and Accounting Act and **may not incur expenditures for any allocation until they have received OFM approval**. When allocations have restrictions on how the money can be spent, agencies must provide an explanation in the packet to describe how the agency plans to spend the funds.



### 3.6 SAVINGS INCENTIVE PROGRAM

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#### About the Savings Incentive Program

The Savings Incentive Program was established in 1997 as a means to encourage agency efficiency and provide another ongoing source of funding for school construction projects.

**This program for agencies earning additional credits has been suspended since 2011-13, and the decision to reinstate the program requires legislative action.**

### 3.7 CHECKLIST FOR ALLOTMENT AMENDMENTS

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This checklist will help ensure that your allotment amendment is complete and accurate before submitting to OFM.

#### Some things to double-check

- Does the allotment reflect legislative intent for the timing of expenditures, distribution of expenditures between fiscal years, and other legislative assumptions?
- Did you use the appropriate packet purpose type?
- If you are submitting expenditure or revenue amendments, did you include optional corresponding cash allotment amendments, if appropriate?

#### Requirements enforced by the system

- If you are submitting a quarterly expenditure amendment, have you included a detailed explanation in your packet?
- Does the packet include retroactive allotments (allotments for closed fiscal months)?
- Does the total of allotted, unallotted and reserve for each appropriated EA code match the EA schedule for expenditures?
- Are the allotments at the correct level? (Program level for all except DSHS)
- Are allotments for funds appropriated by fiscal year allotted in the correct year?
- For Option 1 agencies, are the total dollars allotted by object equal by month to total dollars allotted by appropriation index?
- If data is allotted in Object F or W, is a non-budgeted appropriation index and Program 850 used?
- Are internal agency expenditure allotments equal to or less than EA control numbers?
- Does the amount you propose moving from unallotted or reserve status exceed the current amount in that status?
- Is the amount placed or remaining in reserve at least equal to any total legislative allotment reductions or Governor's cash deficit reductions on the EA schedule?

**In the following cases, TALS will prompt when an explanation is required**

- If allotments for federal or private/local expenditures do not match allotments for federal or private/local revenue.
- If allotted FTEs do not match the EA control numbers by fiscal year.
- If allotments for Object T do not net to zero at the agency level by fiscal year.
- If the total of allotted, unallotted and reserve for a nonappropriated expenditure authority code does not match the EA schedule for expenditures.
- If the allotted revenues differ significantly from the control numbers on the EA schedule.

If an explanation is not provided, the packet may be returned for revision or explanation.

## Chapter 4

# Unanticipated Receipt Allotment Amendments

## 4.1 ABOUT UNANTICIPATED RECEIPTS

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### Definition of an unanticipated receipt

Agencies may receive federal or private/local funds for a specific purpose not anticipated in the enacted budget. The Governor is authorized to grant agencies expenditure authority for these funds under certain conditions.

### Appropriate use of the unanticipated receipt process

The Constitution grants the Legislature the sole authority to make appropriations. The unanticipated receipt process acknowledges that the state may receive grants when the Legislature is not in session. It is often in the best interest of the state to spend these revenues as long as they are consistent with legislative intent. On behalf of the Governor, OFM determines if the request for additional expenditure authority is consistent with the Budget and Accounting Act.

### Contact your OFM analyst when unanticipated receipts are received during legislative session

During the legislative session, it is assumed that unanticipated grants or other outside funds will be included in the budget rather than processed as unanticipated receipt allotments. Agencies should contact their OFM budget analyst if the timing of these receipts makes inclusion in the budget impossible.

### Criteria for an unanticipated receipt

An agency's request must be consistent with the legal definition of an unanticipated receipt:

- » It was not anticipated in the agency's enacted budget;
- » The grantor mandates a specific use for the funds; and
- » The revenue comes from a source outside of state government and is not controlled by the state agency.

### Grants that create new activity or policy for the state

If a grant is for something that sets a new policy direction for the state, agencies should include it as part of their budget request submittal instead of treating it as an unanticipated receipt request. Please consult with your [assigned budget analyst](#) if you have questions.

### Agency budget request or unanticipated receipt?

If the timing of the grant allows, agencies are encouraged to use the normal budget process to request expenditure authority for additional federal and private/local revenues. This allows a more complete review by OFM and consideration by the Legislature.

An example of this is a new grant that covers several biennia. The agency should request only the amount necessary for the current biennium and include the remainder in a separate decision package in a budget request.

## 4.2 SUBMITTAL REQUIREMENTS FOR UNANTICIPATED RECEIPTS

### Agencies may not combine multiple grants in an unanticipated receipt packet

Each individual grant for which an agency requires unanticipated appropriation authority must be submitted in separate packets.



### Agencies may not legally incur expenditures for any unanticipated receipt without OFM approval

An agency also may not make an expenditure or obligation in excess of the actual funds received, or for a purpose different from the one for which it was received and approved.

### Appropriation authority lapses at the end of the biennium

If an agency has received an advance payment during the 2013-15 biennium, and a portion of this amount can be carried over to 2015-17, the agency must submit an unanticipated receipt request as soon as possible after July 1, 2015, unless the carry-forward amount has been included in the enacted 2015-17 biennial budget. The amount of the advance payment carried forward must show as estimated revenue in 2015-17. This section does not apply to nonappropriated funds.

### Due dates for unanticipated receipt amendments

To be included in that month's transactions, unanticipated receipt amendments and the associated request form are due at least 10 days prior to the commitment of any funds and at least 15 days prior to the AFRS fiscal month cutoff date. The unanticipated receipt process requires a 10-calendar day waiting period between OFM's receipt of the agency's package and the approval to allow Joint Legislative Audit and Review Committee (JLARC) and legislative fiscal committee staff to review the package.

The last date that agencies can submit unanticipated receipt amendments for the 2015-17 biennium is June 20, 2017.

### TALS automates the unanticipated receipt process

TALS automates the unanticipated receipt process. The unanticipated receipt request information is collected in TALS. Agencies must attach the requested grant documents and send the request and the related allotment amendment to OFM at the same time. Instructions for completing the unanticipated receipt request are located in the TALS-AMR tutorial found in the BASS Library at <http://bass.ofm.wa.gov/BASSPR/library/default.htm> or <https://fortress.wa.gov/ofm/bass/BASSPR/library/default.htm> for those using Fortress.

### Submittal requirements for agencies

- » Submit an unanticipated receipt request through TALS that describes the source of funding, purpose of the grant or contract, and why the expenditure is consistent with legislative and executive intent.
- » Attach a copy in Word or PDF format of the executed grant award and other available contract documentation.
- » Submit an allotment amendment to indicate the proposed expenditure plan for the funds. Use the unanticipated receipt (capital or operating) packet purpose type.
- » Each grant award requires a separate unanticipated receipt packet.
- » Each packet must include expenditures as well as revenue data.



The request and the allotment amendment should cover only the current biennium portion of the receipt if the grant period also includes future biennia.

In the case of expenditure-driven grants or contracts where the state receives revenue based upon the expenditures incurred against the grant or contract total, revenues must be equal to total expenditures as a matter of state law.

**You may only use these expenditure authority codes for unanticipated receipts**

Operating – Federal	700-940, 7A0-7F0, 8A0-8Z0 EA Type 3
Operating – Private/Local	9A0-9Z0, ZA0-ZZ0 EA Type 9
Capital – Federal	V10-W90 EA Type 3
Capital – Private/Local	X10-Y90 EA Type 9

(Tip: The third digit is always zero)

When a granting entity provides additional money for purposes previously identified in a prior unanticipated receipt, re-use the original unanticipated receipt appropriation code. If the purpose of the project differs, a new expenditure authority code must be used.

**Instructions for completing the unanticipated receipt request**

Include the following information in the unanticipated receipt request form in TALS:

- » **Purpose of grant and description of how funds will be used.** Clearly describe the reason for the grant and specific activities that will be initiated with new funding. Explain why the expenditure is consistent with legislative and executive intent.
- » **Time period for the grant/award.** Indicate the begin date and end date for which these funds will be used. If a portion of the grant period occurs after the next legislative session, that portion of the grant should be included in the agency's next budget submittal.
- » **Type of grant/award.** Select the type that best describes the request:
  - **New** – the agency needs additional spending authority to spend the grant.
  - **Renewal** – the agency received the grant previously. If the grant/award is made on a recurring basis, it should be included in the agency's next budget request.
  - **Addendum** – the agency received additional funds for an existing grant award and/or the purpose of the grant has been expanded.
  - **Carryover** from previous biennium – the agency has funds remaining from a previously approved unanticipated receipt from the previous biennium. Agencies must reference the Allotment Packet number used in the previous biennium.
- » **Pass-through only.** Check this box if the full amount will be passed on to recipients and explain the nature of the pass-through.
- » **Budget impact summary.** To capture the full fiscal picture of the unanticipated receipt request, the agency must provide fiscal information as it relates to the type of the grant/award. In cases where the grant award crosses biennial lines, record the portion that applies to the 2015-17 biennium in the “Current Biennium” column and place the

excess under the “Ensuing Biennium” column of the table. If available for expenditure, this excess funding must be incorporated into the agency’s future budget request.

For example, if the agency selects “Renewal,” fiscal information is expected for all three biennia affected. Carryover requests must include fiscal information from the previous biennium as well as the current biennium.

- » **Additional FTEs.** Indicate the average annual FTEs added by the unanticipated receipt. Do not use staff months or biennial totals. For example, if Fiscal Year 2016 has 10 FTEs and Fiscal Year 2017 has 12 FTEs, you should enter 11 FTEs (10 plus 12, divided by 2).
- » **Matching funds.** If required by the grant, indicate the amount of matching funds and the expected source of those funds. If matching funds will come from the agency’s current budget, indicate which programs and activities will be affected.

The grant/award amount shown under the Current Allotment Request must agree with the data entered in the unanticipated receipt allotment packet.

- » **Analysis.** Complete all four questions in the analysis section.

**1. Can these funds be substituted for presently allotted funds?**

- Whenever unanticipated receipt revenues can be used for expenditures currently funded with state fund sources, those state funds must be placed in reserve in the unanticipated receipt allotment packet, and the unanticipated receipt dollars used instead.
- The first question on the unanticipated receipt form asks whether the federal (or other) funds received can be substituted for presently allotted funds.
- Agencies must provide specific justification whenever the “no” box is checked in response to this question. Federal or other grantors frequently stipulate that grant funds cannot be used in place of state funding. The documentation of this requirement should be in the form of specific language or a legal citation that prohibits the supplanting of state funds.

**2. Does acceptance of these funds commit the state to further expenditures in a later period?** Conditions of acceptance of grant awards can commit the state to additional expenditures in a later period. If this is the case, agencies must indicate the intended source of future funding as requested in the second question.

**3. Will the activity supported by these funds generate a permanent program or service within state government?** If a grant is for something that sets a new policy direction for the state, agencies should include it as part of their budget request submittal instead of as an unanticipated receipt request. Agencies should consult their OFM budget analyst about this particular kind of grant.

**4. What is the plan after the grant ends?** Indicate the specific plan for termination or continuation of the program beyond the anticipated length of time and funding.

### 4.3 CHECKLIST FOR UNANTICIPATED ALLOTMENT AMENDMENTS

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This checklist will help to ensure that your unanticipated receipt allotment is complete and accurate before submitting to OFM.

#### **Some things to double-check**

- Is the unanticipated receipt request form complete?
- Did you use the unanticipated receipt packet purpose type?
- Is the information on the request form consistent with the allotment amendment?
- Are you submitting the unanticipated receipt packet and request to OFM at least 10 calendar days prior to the planned commitment of funds to allow time for OFM and legislative review?
- Have you allotted only the amount the agency expects to spend in the current biennium?
- Have you also included the related allotments for revenue and FTEs (if applicable) in the packet?

#### **System will prompt the agency for required explanations**

- Is the grant award or other contract documentation attached?
- Do the allotments for federal or private/local expenditures match the allotments for federal or private/local revenue?

If an explanation is not provided, the packet may be returned for revision or explanation.

## Chapter 5

# Additional Instructions for Capital Allotments

## 5.1 CAPITAL ALLOTMENT BASICS

This chapter focuses on special requirements for capital allotments and supplements the more general requirements in Chapters 1-4 of these instructions.

Capital projects include:

- » The acquisition of real property.
- » The pre-design, design, and construction of new facilities.
- » Additions, repairs, renovations or improvements to existing facilities.
- » The acquisition of building equipment.
- » Grants and loans to government or community organizations.

**What are capital projects?**

For the purposes of Chapters 5 and 6, “capital projects” refers to items in the capital appropriations bill(s).

### **The allotment process provides a clear picture of project activity**

Capital allotments provide a baseline understanding of how the enacted capital budget will be implemented and what will be accomplished as a result. Allotments are also used for projecting cash flow needs for general obligation bonds and project monitoring.

### **OFM must approve allotments before expenditures can be incurred**

RCW 43.88.110(7) and the capital budget appropriations bill provide that an agency may incur no expenditure nor enter into any obligation for capital projects until it has received OFM approval for the expenditure of funds. Agencies should contact their OFM capital budget analyst if there is a need to expedite an allotment review.

### **Use a capital packet purpose type for the capital allotments**

OFM and the Legislature need to view allotments by purpose or type. TALS requires users to select a particular packet purpose. Packet purposes for capital allotments are:

- » Capital initial allotment - use for all components of the initial allotment, including related revenue allotments
- » Capital amendment
- » Capital 1<sup>st</sup> supplemental
- » Capital 2<sup>nd</sup> supplemental
- » Capital Governor’s cash deficit reductions
- » Capital unanticipated receipts
- » Capital internal adjustments
- » Capital legislative allotment reductions
- » Capital transfer

### **Agencies may request that unexpended funds be transferred to another project**

The capital budget allows the transfer of unexpended funds from one project to another in certain situations as described in the capital appropriations bill. The agency **must** submit a

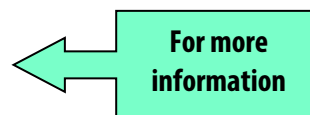
written request to OFM to make such a transfer. The process and requirements for a transfer are outlined in Chapter 5.4.

### **Allot and charge only appropriate costs and FTEs to capital appropriations**

If the agency plans to charge FTEs or administrative costs to a capital appropriation, the agency allotments should reflect this. However, agencies must follow OFM Capital Budget Instructions about the type of costs that can be charged to capital appropriations.

Capital construction funds (whether funded with bond proceeds, revenues from fees, or other cash) are generally dedicated to the acquisition, construction and renovation of fixed capital assets and will not be used for regular maintenance of capital facilities or to subsidize operating budget costs. However, costs incurred by agencies in the direct development and administration of capital projects can be considered part of the project cost. Other costs, such as managing an agency's capital facilities or creating a capital budget, should be charged to the agency's operating budget and not the capital budget.

Refer to the OFM Capital Budget Instructions at <http://www.ofm.wa.gov/budget/instructions/capital.asp> for information on allowable costs for capital appropriations.



### **General guidelines for developing expenditure allotments**

Capital allotments should be based on the agency's best estimate of monthly expenditures during the current biennium. The following guidelines can assist agencies in developing estimates, but these should not be a substitute for analysis and planning:

- » Most all project funds that are re-appropriated should be spent during the first year of the biennium, if possible.
- » Allotments for omnibus or minor works appropriations should approximate the spending plan for the entire group of sub-projects within the appropriation.
- » Grant allotments should approximate planned expenditures for the individual grants and loans.
- » Individual appropriated projects should approximate the project schedule as provided in the agency's capital budget request until an updated plan is available.
- » In the absence of more specific project information, construction spending can be approximated as 25 percent spent over the first one-third of the construction period; 50 percent spent during the second one-third of the construction period; and 25 percent spent during the last one-third of the construction period.
- » OFM will require quarterly updates to the allotments to collect more accurate spending data as projects progress.

### **Matching funds requirements**

Projects that require a matching share from non-state (including federal) sources are subject to RCW 43.88.150. This statute requires the expenditure of any matching funds to be proportional to state funds. For example, if an appropriation for \$100,000 requires an additional local share of \$200,000, then for each state dollar spent, two dollars in non-state funds must be spent at the same time. This statute prohibits an agency from spending the state appropriation prior to spending other funds.

### **Consultation with the Department of Archaeology and Historic Preservation**

Per Executive Order 05-05, agencies must consult with the Department of Archaeology and Historic Preservation (DAHP) and the Governor’s Office of Indian Affairs on all capital construction projects and land acquisitions before a project can be considered for funding.

### **Submit the review letter with the allotment (if not previously submitted)**

When the agency submits an initial allotment or supplemental budget allotment, the agency should attach a letter from DAHP confirming that the project has been reviewed if the agency had not already submitted the letter to OFM during the budget process.

## **5.2 ADDITIONAL REQUIREMENTS FOR THE INITIAL CAPITAL ALLOTMENT**

### **See Chapter 2 for general initial allotment requirements**

Chapter 2 provides instructions for preparing initial appropriation, expenditure, and revenue allotments. Unique capital requirements for the initial allotments are detailed in this section.

### **The initial allotment defines the initial plan after the budget is enacted**

The initial capital allotment presents the agency’s detailed plan for monthly revenue and expenditures based on the terms, limits, conditions and original assumptions in the new appropriations and re-appropriations approved by the Legislature. The initial allotments should provide these estimates for every month of the biennium and **must include all projects in one Capital Initial Allotment packet.**

### **Revenue may be split between the capital and operating initial packets**

Agencies may submit all revenue as part of the initial capital allotment or may divide revenue between the operating and capital initial packets, as appropriate. In the latter case, any revenue included in the capital allotment should be specifically related to capital purposes and must not exceed total available revenue.

If the agency does not have expenditure plans ready for all of its projects at the time the initial allotment should be submitted for approval, the agency should place unplanned amounts in unallotted status in the initial allotment packet. The agency will then need to submit an allotment amendment to place those funds in allotted status and receive OFM approval before those dollars may be obligated or spent.

### **For each project, describe the phases covered by the allotment**

TALS provides fields for comments and explanations to help OFM better understand the intent of the allotment. In the initial allotment, agencies must describe the phases covered by each project’s allotment. For example: “The allotment for project # 2009-2-001 is for the pre-design phase only.”

### **Take care to avoid over-expenditure when preparing the re-appropriation allotment portion of the initial packet**

The initial allotment must include allotments for re-appropriations assumed in the budget. It is important to remember that re-appropriations assumed in the budget do not include the most up-to-date information on agency spending patterns. As you prepare your initial allotment, re-estimate the likely ending balances for projects and put into allotted status only the amount



**This is important to reduce risk of over-expenditure**

you believe will truly be available for re-appropriation. The balance of the re-appropriation amount assumed on the EA schedule should be placed into reserve in the initial allotment.

Following the 2013-15 biennial close in October, the re-appropriation amounts will be recalculated and the EA schedule will be updated. Using a Capital Amendment packet purpose type, agencies will be asked to submit allotment updates at that time to conform to the new control totals.

### **Agencies must attach an updated prioritized project list**

Capital allotments for minor works or grant projects that contain priority lists of sub-projects must include an updated prioritized project list reflecting legislative intent. An updated list is required prior to receiving approval of the initial allotment for minor works or grant projects. If the list changes, the agency must include an explanation of the reason for the change in priority or sub-project. Agencies must attach this list electronically to the allotment packet. Allotments will be returned to the agency if the project list is not included in the packet.

### **Restrictions on minor works project list additions or substitutions**

There may be instances where an agency needs to add or substitute projects within a minor works appropriation based on circumstances or events unknown at the time of the initial budget request or allotment. For flexibility, additional projects may be listed on the initial submittal list. However, the total cost of all projects listed may not exceed 120 percent of the appropriation and additional “alternate” projects must be clearly identified as such. Funding of alternate or newly identified minor works projects must be approved by OFM prior to obligating or expending allotments on the alternate or new project.

OFM recognizes that flexibility is required but will monitor substitutions carefully. Use the following criteria when considering substitutions:

- » Determine if there is adequate funding to support a newly identified project within the minor works or omnibus appropriation.
- » Verify that this new project is of higher importance or priority than what is currently assumed in the minor works appropriation.
- » Determine if there is sufficient funding for emergency or unidentified repairs and improvements available for the newly identified project.
- » Review the rest of the agency’s capital budget to determine if the new project falls within the scope of appropriation language of another project.

Even if there are other funds that can be used to complete the project, **the agency may not proceed with the substitute project without prior notification to OFM and the Legislature and approval from OFM.** Justification for the substitution should be submitted to OFM using the same document with the prioritized project list.

## **5.3 ADDITIONAL REQUIREMENTS FOR CAPITAL ALLOTMENT AMENDMENTS**

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### **Capital allotments are amended for changes to the initial allotment plan**

Agencies may submit allotment amendments for changes to the initial allotment plan at any time during the biennium for:

- » Capital unanticipated receipts

- » Project phases, including pre-design, design, and construction
- » Projects originally placed in unallotted or reserve status in the initial allotment
- » Optional cash disbursement revisions
- » Revised re-appropriation amounts as determined by OFM after audited accounting actuals for the prior biennium are known in the fall. Updated allotments will be required to support these revisions.
- » Updates to capital-funded staffing levels
- » Approved substitutions or changes to minor works and omnibus appropriation sub-project lists
- » Supplemental budget changes
- » For major projects, spending plans for the next phase. See Chapter 6 for more information.

### **Prepare a quarterly allotment amendment when expenditure assumptions change significantly**

The assumptions upon which the initial allotment plan is based may change over time. When changes are significant, agencies should prepare an allotment amendment for the next quarterly update. Agencies must use a **Capital Amendment packet purpose type** to reflect these changes. Refer to Chapter 3 for the quarterly allotment amendment submittal deadlines. Chapter 3 also provides instructions for preparing expenditure, revenue and optional cash allotment amendments. Chapter 4 provides instructions for preparing unanticipated receipt allotments. Requirements unique to major capital projects are included in Chapter 6.

## **5.4 CAPITAL PROJECT ALLOTMENT TRANSFERS**

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### **Agencies may request that unexpended funds be transferred to another project**

The capital budget bill allows for the transfer of unexpended funds from one project to another in certain situations as described in the capital appropriations bill. The agency **must** submit a written request to OFM to make such a transfer.

The transfer request must include the following information:

- » Project names
- » Project numbers
- » Fund sources
- » Appropriation codes
- » Appropriation amounts
- » Savings amount
- » Description of the transfer

The process and requirements for a transfer are as follows:

- » Funds to be transferred must be in excess of the amount required for the completion of the project.
- » Excess funds in an appropriation can be identified after the project has reached substantial completion or is cancelled.
- » Only appropriations determined to have insufficient funds to complete the original scope of work are eligible to receive funds transferred from another appropriation.
- » No transfer may be used to expand the capacity of any facility beyond that intended in the original appropriation. Transfers are allowed only between capital appropriations within a specific department, commission, agency, or institution of higher education.



- » Transfers are allowed only between capital projects funded from the same fund or account.
- » No transfers may occur between projects within local government agencies except where the grants are provided within a single omnibus appropriation, and where such transfers are specifically authorized by the implementing statutes that govern the grants.

The intent is that each project be defined as proposed to the Legislature in the Governor's budget document, unless it clearly appears from the legislative history that the Legislature intended to define the scope of a project in a different way.

If approved, OFM will update the expenditure authority schedule to transfer the funds from the substantially complete project expenditure authority amount to another project's expenditure authority amount. The agency must then submit an allotment amendment packet using a **Capital Transfer packet purpose type** for the transferred funds. In addition, transfers in excess of \$250,000 require notification to the legislative fiscal committees and will not take effect for 30 days. Agencies must attach any correspondence relating to the transfer as an attachment to the allotment packet.

## 5.5 EMERGENCY PROJECTS

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A project request may be submitted for emergency repairs in accordance with RCW 43.88.250. These projects must follow the conditions listed below:

- » Emergency repairs can only be used for unanticipated building or infrastructure repairs for the immediate protection of capital assets, protection of public health and safety, and to mitigate significant impacts to day-to-day operations of the facility.
- » Funds appropriated for emergency repairs are not to be used for routine maintenance.

All emergency project requests must include:

- » A written request from the agency director to the OFM director with a clear description of the emergency.
- » A clear description of the process to be used to allocate funds to specific projects.
- » Cost estimates provided for this purpose.
- » Identification of other funding that may be applied to the project.

Agencies may not spend appropriation authority without:

- » Approval of the agency request from the OFM director;
- » An updated EA schedule; and
- » Submittal and approval of the allotment amendment.

The approval letter must be attached to the Capital Amendment packet submitted for allotment of the emergency funds. OFM will require agencies to provide status updates of any emergency funds provided to the agency.

**Note: A separate request and approval is required for each individual emergency project.**

## 5.6 CASH FLOW ESTIMATES FOR BOND-FUNDED PROJECTS

### Certain agencies and accounts must complete a cash flow estimate form

The Office of the State Treasurer (OST) asks selected agencies to provide information about bond fund cash flow estimates and descriptions of the expected use of bond proceeds. This is used by OST to prepare sales plans for state bond sales. The sales plans are also used to prepare allotments for bond retirement principal and interest expenses included in the budget.

OST will contact the agencies listed below to obtain information which will be evaluated in conjunction with the allotment expenditure data submitted in TALS. This must be submitted for each appropriation independently. Completed OST forms, together with additional supporting material, should be sent to:

Wendy Weeks  
Office of the State Treasurer  
P.O. Box 40200  
Olympia, WA 98504-0200

Phone: (360) 902-9020  
Fax: (360) 902-9045  
Email: [WendyWeeks@tre.wa.gov](mailto:WendyWeeks@tre.wa.gov)

This table provides the list of funds for which the OST will be requesting cash flow estimates:

Agency	Account Code	Account Title
Department of Commerce	355	State Taxable Building Construction Account
Department of Ecology	18B	Columbia River Basin Taxable Bond Water Supply Development Account
	10P	Columbia River Basin Water Supply
Department of Parks and Recreation	057	State Bldg. Construction Acct - SBCA Puget Sound Wastewater
	10T	Hood Canal Aquatic Rehab. Bond
Department of Transportation	099	Puget Sound Capital Construction
	108	Motor Vehicle Account
	215	Special Category C Account
	218	Multimodal Transportation Account
	09H	Transportation Partnership Account
	550	Transportation 2003 Account (Nickel Account)
Recreation and Conservation Office	16J	State Route Number 520 Corridor Account
	070	Outdoor Recreation Account
	244	Habitat Conservation Account
	09C	Farmland Preservation Account
Office of Financial Management	09G	Riparian Protection Account
	057	State Bldg. Construction Acct - Chehalis Flood Mitigation
Office of Superintendent of Public Instruction	359	Schools Construction and Skills Center Buildings
Transportation Improvement Board	144	Transportation Improvement Account
State Board for Community & Technical Colleges	357	Gardner-Evans Higher Education Construction Account

## 5.7 OTHER CAPITAL ALLOTMENT-RELATED INFORMATION REQUIREMENTS

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### Excess funds

When updating allotments after project bids, agencies must clearly identify any excess project funds. Excess funds are not to be placed in project contingencies, but instead must be placed in reserve status. These funds will then be available for transfers or will lapse at the end of the biennium. Excess funds must not be used to increase the project scope beyond legislative intent.

### Update facility inventory data

Agencies that own or lease facilities are required to report and update facility owner, location, type, condition, size and space use data annually to OFM. New instructions will be published in June 2015, and all agencies will be required to submit facility inventory data to OFM by September 2015. Details of the Facility Inventory System can be found at <http://www.ofm.wa.gov/budget/facilities/fis.asp>.

### Coordinate with the Department of Enterprise Services

Agencies that work with Engineering and Architectural Services (E&AS) at the Department of Enterprise Services (DES) must submit a Public Works Requisition prior to or when the allotment request is submitted to OFM. For additional information on work provided by E&AS or for assistance with the preparation of Public Works Requisitions, contact:

Division of Engineering and Architectural Services  
 Department of Enterprise Services  
 (360) 902-7272  
<http://des.wa.gov/services/facilities/Construction/Pages/default.aspx>

### Coordinate with DES on leadership in energy and environmental design (LEED) issues

Agencies should coordinate with the E&AS Energy Program to obtain assistance with meeting LEED requirements. For additional information, contact:

E&AS Energy Program  
 Department of Enterprise Services  
 (360) 902-7272  
[EnergyTeam@des.wa.gov](mailto:EnergyTeam@des.wa.gov)  
<http://des.wa.gov/services/facilities/Energy/Pages/default.aspx>

### Coordinate with the Washington State Arts Commission

RCW 43.17.200 outlines the procedure for the required purchase of artwork in capital projects. The statute applies solely to appropriations for the original construction of public buildings (including K-12 facilities) and, in the case of higher education institutions, renovations costing more than \$200,000. Agencies should consult with the Washington State Arts Commission on the most effective use of the artwork allowance by contacting:

[Washington State Arts Commission](http://www.waartscommission.com)  
 P.O. Box 42675  
 Olympia, WA 98504-2675  
 (360) 753-3860

## Chapter 6

# Preparing Allotments for Major Capital Projects

## 6.1 MAJOR CAPITAL PROJECTS

### What are major capital projects?

Major capital projects are single-construction effort projects that cost in excess of \$5 million, or projects that have been designated by OFM or the Legislature as having complex technical or program aspects. Agencies receiving appropriations for major projects follow special guidelines for allotment review and project approval. The steps in this process, and the information required, are designed to help keep projects within the limits and intent of the appropriation.

Major capital projects typically receive appropriations over two or more biennia, depending upon their complexity and size. A major project could receive separate appropriations for predesign, design services, construction and equipment purchases. The phased approach to allotments for major projects is designed to promote better project planning. Ongoing contact with OFM capital budget staff will promote a better understanding of major projects and expedite allotment approval.

### Major project status reports are due December 31 and July 1

Agencies administering a major capital project or projects specifically identified for this reporting requirement by OFM or the Legislature must submit a detailed [project status report](#) to OFM and the legislative fiscal committees each December 31 and July 1.

### Agencies must submit additional information for different project phases

Agencies must submit certain materials with the allotments at each major project phase. A description of these materials and other allotment considerations are described below.

### Predesign Study Allotments

Allotment requests for predesign studies, when appropriated through the capital budget, should be submitted as an initial capital allotment package. Supporting information for the allotment request should include a statement about the conceptual understanding of the major capital project. Predesigns paid from nonappropriated funds do not require a capital allotment and will not be reimbursed from appropriated funds. For additional guidance, refer to the [OFM Predesign Manual](#).

### Life Cycle Cost Analysis (LCCA)

Life Cycle Cost Analysis (LCCA) is a method for assessing the total cost of ownership for a new facility or a building system. Starting in the 2015-17 biennium, projects with a total cost greater than \$5 million or new building projects greater than 5,000 square feet must perform a life cycle cost analysis using OFM's Life Cycle Cost Tool. If the predesign was started after July 1, 2015, the agency must submit the executive summary from the Life Cycle Cost Tool (LCCT) prior to receiving the design services allotment. The LCCT can be found on OFM's forms page at <http://ofm.wa.gov/budget/forms.asp> under Capital budget forms. See OFM's Predesign Manual for additional LCCA information.



### **Design Services Allotments**

Design allotments may be submitted after the predesign is approved by OFM and an appropriation for design is available. In the allotment system, provide a narrative explanation of any scope or cost changes from the enacted budget.

Based on the approved predesign, the agency must create a revised cost estimate in the Capital Budget System (CBS). At this point, the project must contain at a minimum, three cost estimates: original agency request, predesign estimate, and design estimate. The original cost estimate will continue to be the base estimate, and the revised estimate will be the current estimate for the design phase. Contact your assigned OFM capital analyst if you have questions about the CBS system cost estimate.

Allotments for design services may include the following items:

- » acquisition costs
- » consultant services
- » project management, artwork, and related projects
- » pre-construction services if GC/CM

### **Value Engineering and Constructability Review**

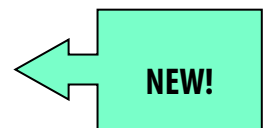
A value engineering study by an independent consultant team is required for each major project during the design phase. As part of the construction allotment, the agency must provide OFM with an executive summary of the recommendations that were accepted or rejected, and the supporting reasons. A constructability review is required for complex projects that cost at least \$1 million and for all major projects. See the Capital Budget Instructions or contact your capital budget analyst for an explanation of these requirements.

RCW 39.35D.030 requires all state-funded projects with buildings over 5,000 square feet that have not entered into design phase prior to July 24, 2005, to be designed, constructed and certified using the LEED silver standard. Agencies must provide:

- » A summary of the LEED standards to be used in the project; and
- » Fiscal justification for pursuing LEED certification higher than silver.

### **Life Cycle Cost Analysis (LCCA)**

This must also be performed during the project's design phase at a higher level of detail than during the predesign. An updated executive summary from the LCCT must be submitted during the design phase prior to receiving the construction allotment. See the OFM Predesign Manual for additional information.



### **Construction Allotments**

Construction allotments may be submitted after an appropriation for construction is available, and after bid opening or negotiation of the MACC (if using an alternative public works method). Provide a narrative explanation of any scope or cost changes from the enacted budget. Based on the approved budget (appropriation), the agency will create a revised cost estimate in the CBS. The original cost estimate will continue to be the base estimate. The design estimate will remain, and the construction revised estimate will be the current estimate for the construction phase. At this point, the project should contain at least four cost estimates:

original agency request, predesign estimate, design estimate, and construction estimate. Please contact OFM if you have questions about the CBS system cost estimate.

The structure of construction bids should be consistent across all agencies and institutions, with base bids reflecting a complete and functional project. Provide the bid tabulation and identify separately the additive alternates that improve project durability or serviceability.

**Note:** Deductive alternates are not acceptable because they do not typically achieve full value. The base bid scope of work may only include the agency core project requirements. If project scope is shown as deductive in bid documents, it must not be a core requirement and should be included as an additive alternate. Deductive alternates should be avoided unless approved in advance by OFM for special circumstances. The use of additive alternates should be minimized as much as possible to avoid paying for design services for project scope that is not included in the accepted contract.

Allotments for construction funds may include the following items:

- » acquisition costs
- » consultant services that occur during the bidding and construction phase
- » construction contracts
- » construction contingency
- » equipment, artwork and other costs
- » project management and related projects

### **Value Engineering**

As part of the construction allotment, the agency must submit to OFM an executive summary of the recommendations of the value engineering study (completed during the design phase) that were accepted or rejected, and the supporting reasons.

### **Life Cycle Cost Analysis**

In accordance with RCW 39.35B.050 and Executive Order 13-03, agencies are required to perform a life cycle cost analysis for new buildings over 5,000 square feet and projects over \$5 million which compares total cost of ownership for at least three project alternatives. Additionally, renovation projects, system replacements, remodel costs, and maintenance costs are to be included in the life cycle model. Utilize OFM's [Life Cycle Cost Tool \(LCCT\)](#) to perform the analysis. As noted above, submittal of the executive summary from the LCCT is required prior to receiving approval for the predesign and design phase allotment. An updated and more detailed submittal of the LCCT is required again prior to receiving approval for the construction phase allotment.

### **Furniture, Fixture and Equipment Allotments**

Allotments for furniture, fixtures and equipment (FF&E) may be submitted when the project is in, or has completed, the construction phase and an appropriation is available. Generally, capital expenditures for FF&E must follow criteria outlined in the [2015-17 Capital Budget Instructions](#). Discuss requests for exception with your assigned capital budget analyst.

State agencies, excluding higher education, are required to purchase office furniture from the Division of Correctional Industries (Correctional Industries). Higher education institutions should strive to purchase 2 percent of the total goods and services required for a project from Correctional Industries in accordance with RCW 28B.10.029.

Below is the contact information for Correctional Industries procurements:

Sales Manager  
 Correctional Industries  
 (360) 725-9131  
<http://www.washingtonci.com/>

Contract Administrator  
 Office of State Procurement  
 (360) 902-7400  
<http://des.wa.gov/services/ContractingPurchasing/Pages/default.aspx>

As with all mandatory contracts, purchasing goods or services from any vendor other than through the state contract requires a written exemption using the best buy process from DES' Office of State Procurement, and is subject to audit. Additional information is available from:

Office of State Procurement  
 Department of Enterprise Services  
 P.O. Box 41017  
 Olympia, WA 98504-1017  
 (360) 902-7400

OFM will approve funds for the purchase of FF&E upon review of the following:

- » A copy of the final architectural/engineering cost estimate for the FF&E.
- » Certification that the requirements of RCW 39.26.251 have been met. The agency or institution will provide a copy of the exception if one has been granted.
- » A listing of all FF&E to be purchased.
- » For higher education institutions, a summary of the percentage of FF&E intended to be procured from Correctional Industries, if known at the time of the allotment request.
- » An affirmation statement from the agency that the FF&E purchases will remain within the appropriation amount, and that all FF&E required for start-up and operation of the new facility is included in the FF&E purchases.

### **Unforeseen Costs and Contingency Allotment**

The CBS cost estimate allows for a contingency amount. Appropriate contingency amounts are dependent on the degree of risk present and the extent of the technical challenge surrounding the task. The design contingency legitimately covers uncertainties in a project and should also be reduced through each phase of the design. Construction contingencies should be limited to 5 percent on new construction and 10 percent on remodeling work.

Reasonable amounts of funds will be allotted for contingencies based on the scope, complexity and phase of the project. Allotment approval for contingency funds is explicit approval to expend those funds only on unforeseen contingencies and not for extra work or additives. If a portion of the contingency remains in reserve or unallotted, additional allotments of contingency may be made upon written request to OFM.

Contingencies should not be considered as opportunities for additional scope or used to change original budget decisions.

### When will OFM review and approve allotments?

OFM is committed to responding to requests within two weeks of receipt of the supporting information. To expedite this review, contact OFM staff periodically and discuss progress on projects. Joint communication between agency and OFM staff can alleviate issues before they arise.

## 6.2 ALTERNATIVE PUBLIC WORKS CONTRACTING

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### Allotment requirements for alternative public works contracting (Chapter 39.10 RCW)

Generally, the public works requirements are tailored for the process of awarding contracts in lump sum awards to the lowest responsive bidder. However, Chapter 39.10 RCW allows for alternative public works contracting under certain circumstances. Agencies and institutions choosing to use either the design-build or general contractor/construction manager (GC/CM) electrical contractor/construction manager (EC/CM), or mechanical contractor (MC/CM) contracting procedures must contact their OFM capital budget analyst prior to releasing their initial allotment plan to clarify allotment instructions.

The following requirements must be met prior to requesting an allotment for alternative public works contracting procedures:

- » Documentation that adequate public notification and an opportunity for public review and comment was conducted. The documentation must include a summary of public comments received.
- » A copy of the final determination of the contracting procedure that will be used. A concise statement of the principal reasons for selecting the preferred alternative construction method must accompany this determination.
- » Documentation indicating agency or project approval from the Project Review Committee (PRC) of the Capital Projects Advisory Review Board (CPARB) for the selected alternative public works procedure, if the agency must receive approval from CPARB.
- » A description of any incentives that may be incorporated into the contract.
- » GC/CM projects must also identify the maximum percentage of the work that may be self-performed and the public body that will manage bid openings, per RCW 39.10.390.



# Appendix A

## DUE DATES FOR INITIAL ALLOTMENTS

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### August 3, 2015

011	House of Representatives
012	Senate
013	Joint Transportation Committee
014	Joint Legislative Audit and Review Committee
020	Legislative Evaluation and Accountability Program
035	Office of State Actuary
037	Office of Legislative Support Services
038	Joint Legislative Systems Committee
040	Statute Law Committee
045	Supreme Court
046	Law Library
048	Court of Appeals
050	Commission on Judicial Conduct
055	Administrative Office of the Courts
056	Office of Public Defense
057	Office of Civil Legal Aid
076	Special Appropriations to the Governor
080	Office of Lieutenant Governor
082	Public Disclosure Commission
086	Governor's Office of Indian Affairs
087	Commission on Asian Pacific American Affairs
099	Commission on Salaries for Elected Officials
104	Economic and Revenue Forecast Council
118	Commission on Hispanic Affairs
119	Commission on African-American Affairs
142	Board of Tax Appeals
147	Office of Minority and Women's Business Enterprises
165	Board of Accountancy
167	Forensic Investigations Council
185	Horse Racing Commission
205	Board of Pilotage Commissioners
220	Board of Volunteer Firefighters
228	Traffic Safety Commission
315	Department of Services for the Blind
341	LEOFF Plan 2 Retirement Board
359	Charter School Commission
390	Washington State Historical Society
406	County Road Administration Board
410	Transportation Commission
411	Freight Mobility Strategic Investment Board
462	Pollution Liability Insurance Program

**August 7, 2015**

090	Office of the State Treasurer
095	Office of the State Auditor
100	Office of the Attorney General
101	Caseload Forecast Council
110	Office of Administrative Hearings
116	Washington State Lottery
117	Gambling Commission
120	Human Rights Commission
124	Department of Retirement Systems
126	State Investment Board
140	Department of Revenue
160	Office of the Insurance Commissioner
190	Board of Industrial Insurance Appeals
215	Utilities and Transportation Commission
227	Criminal Justice Training Commission
245	Military Department
275	Public Employment Relations Commission
305	Department of Veterans Affairs
351	School for the Blind
353	Center for Childhood Deafness and Hearing Loss
355	Department of Archaeology and Historic Preservation
387	Arts Commission
395	Eastern Washington State Historical Society
407	Transportation Improvement Board
460	Columbia River Gorge Commission
467	Recreation and Conservation Funding Board
468	Environmental and Land Use Hearings Office
471	State Conservation Commission
478	Puget Sound Partnership
701	Treasurer's Transfers
705	Treasurer's Deposit Income
740	Contribution to Retirement Systems

**August 11, 2015**

001	State Revenues for Distribution
005	Federal Revenues for Distribution
010	Bond Retirement and Interest
075	Office of the Governor
085	Office of the Secretary of State
102	Department of Financial Institutions
103	Department of Commerce
105	Office of Financial Management
107	Health Care Authority
163	Consolidated Technology Services Agency
179	Department of Enterprise Services
195	Liquor Control Board
225	Washington State Patrol
235	Department of Labor and Industries
240	Department of Licensing
300	Department of Social and Health Services
303	Department of Health
310	Department of Corrections
340	Student Achievement Council
350	Office of Superintendent of Public Instruction
354	Workforce Training and Education Coordinating Board
357	Department of Early Learning
360	University of Washington
365	Washington State University
370	Eastern Washington University
375	Central Washington University
376	The Evergreen State College
380	Western Washington University
405	Department of Transportation
461	Department of Ecology
465	State Parks and Recreation Commission
477	Department of Fish and Wildlife
490	Department of Natural Resources
495	Department of Agriculture
540	Employment Security Department
699	Community and Technical Colleges

## Appendix B

### ALLOTMENT/EXPENDITURE AUTHORITY (EA) SCHEDULE Q & A

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#### **What is an Expenditure Authority Schedule?**

The expenditure authority schedule is the official list of appropriations – the legislative authorization for agencies to make expenditures and incur obligations for specific purposes from designated resources estimated to be available during a specified period of time – translated from the appropriation bills and other bills containing appropriations. The schedule lists appropriation amounts, funds, and assigned appropriation codes.

#### **What is an Expenditure Authority code?**

The appropriation code is a three-character code assigned by the Office of Financial Management to identify each legislative authorization to incur expenditures.

The EA code creates and enforces the relationship between the appropriations act(s), allotments, and Statewide Accounting data (AFRS). These codes are essential for monitoring the implementation of the budget to ensure that agencies are spending in accordance with legislative authorization and intent.

#### **Can agencies use any Expenditure Authority code?**

No. EA codes are assigned by OFM Budget Operations based on a strict coding schema. The allotment system and AFRS will only accept official EA codes found on your Expenditure Authority Schedule.

#### **My current Expenditure Authority Schedule includes Suspense Account codes. Will these codes continue into the next biennium?**

No. Suspense Account codes are subject to OFM approval each biennium. Request Suspense Account utilization by email detailing justification to:

Monica Jenkins  
OFM Allotment Control  
[Monica.Jenkins@ofm.wa.gov](mailto:Monica.Jenkins@ofm.wa.gov)

Garry Austin  
Senior Budget Assistant – Operations  
[Garry.Austin@ofm.wa.gov](mailto:Garry.Austin@ofm.wa.gov)

#### **Where do I find the Expenditure Authority Schedule for my agency?**

Expenditure Authority reports are accessed through Enterprise Reporting at <https://rp.des.wa.gov/>.

#### **My agency has authority to use a non-appropriated account subject to allotments. However, the account and Expenditure Authority code does not display on the EA Schedule. How do I obtain a code for this account?**

EA codes are assigned to non-appropriated accounts provided they are captured in an agency's budget database (VRS). Agencies should contact Budget Operations and a code will be assigned with -0- dollars.

**Why is there an EA code for base appropriations with zero amounts?**

In order to create codes for provisos, a separate code must first be established for the base appropriation. From there, separate EA codes for provisos are assigned. If the proviso(s) equal or exceed the base appropriation, the EA code for it will be zero. (Also see question below.)

**What would cause a difference between a proviso and the Expenditure Authority Schedule?**

If the proviso is not captured on the EA schedule, it could be the result of a Governor's veto. Drafting errors in the bill can result in a proviso which exceeds the base appropriation. In these cases OFM will prorate or distribute the funds based on an evaluation of the Legislature's intent. The sum of all provisos may not exceed the base appropriation; the only remedies are a partial veto or correction of the language via a supplemental appropriation.

Provisos related to annual appropriations (e.g., General Fund-State) must be specific for each fiscal year. If the proviso does not specify a fiscal year(s), then no EA code is assigned.

Another instance would be a case where a proviso provides funding contingent on other legislation. If the bill specified in the proviso is not enacted, then it becomes null and void and no funding or EA code is provided.

**The bill has a proviso but there is no separate EA code for it?**

Often the Legislature will utilize a proviso to provide "guidance" on how funds are spent or what action the agency must take. A proviso must contain the elements necessary to meet the test of "Provided solely for" regardless of the actual language.

**How are Expenditure Authority levels for non-appropriated accounts determined?**

OFM will assign Expenditure Authority codes for non-appropriated accounts based on the amounts included in the budget data base received from the Legislature. Agencies can view this data via the Version Reporting System (VRS) once the budget is enacted.

Non-appropriated accounts which are missing or dramatically incorrect can be updated subject to approval by your [assigned budget analyst](#).

**What is the difference between Option 1 and Option 2 in TALS-AMR /AFRS?**

The Allotment Management and Review System (TALS-AMR) allows agencies to construct their allotments in one of two ways:

- ❖ Option 1. The more complicated version wherein the total dollars allotted by object must be equal by month to total dollars allotted by appropriation index.
- ❖ Option 2. The easier method wherein the total for objects has to match the total funds, by month.

Both options have pros and cons:

- ✓ Option 1 requires agencies to dive deep into their spending plan in order to tease out what they buy from what source. This information can be invaluable for internal management and monitoring purposes but clearly requires a great deal of work to

initiate (i.e., first time) and manage over time. Option 1 allotments are subject to more stringent release edits.

- ✓ Option 2 is less work and expedites the allotment development/review process. For single fund, one dimensional agencies, Option 2 is the most reasonable choice.

TALS option designation changes are subject to OFM approval. Contact your [assigned budget analyst](#).



Washington State Office of Financial Management  
Insurance Building • PO Box 43113  
Olympia, WA 98504-3113 • (360) 902-0555 • Fax (360) 664-2832