




Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

MEMORANDUM

TO: Directors and Fiscal Officers of All Departments, Agencies, Boards and Commissions

FROM: Timothy S. Keen, Director 

DATE: October 30, 2017

RE: Capital Reappropriations Process for FYs 2019-2020

Article II, Section 22 of the Ohio Constitution limits the length of appropriations to a period of no more than two years. Because many capital projects require more than two years to complete, the Office of Budget and Management (OBM) biennially undertakes a process to review existing agency capital appropriations and, working with agencies, to identify existing capital appropriations that need to remain effective beyond the current fiscal biennium.

As part of this reappropriation review process, OBM is requesting that agencies: i) review their existing capital appropriations; ii) request reappropriation for ongoing, not yet completed projects, and iii) consider the extent to which projects remain consistent with both agency and administration goals and, if necessary, adjust their requests accordingly.

Attached to this memorandum is guidance directing agencies on how to prepare requests and justifications for capital reappropriations for FYs 2019 and 2020. Please review the guidance carefully and direct any questions to your OBM budget analyst.

There are two significant changes to this year's reappropriation process. First, reappropriation requests will now be submitted through the OAKS Budget and Planning Module. This change will allow OBM budget analysts to more effectively review, summarize, and make recommendations regarding proposed agency reappropriation. Second, agencies are being asked to provide certain basic information on all active community projects. This information will be crucial as we consider funding levels for existing and new community projects.

Schedule

Since capital appropriations legislation does not take effect until ninety days after being signed by the Governor, the timeline for preparing and enacting the reappropriations bill is tight. It is OBM's intent to prepare a bill and have it enacted by the General Assembly by April 1, 2018, so that it will be effective July 1, 2018. To meet this timeline, it is important that agency staff work closely with OBM so that all capital line items that need to be reappropriated are identified and included in the bill along with all necessary budgetary language.

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The general timeline that OBM intends to follow in preparation of the capital reappropriations bill is as follows:

October 30, 2017	Capital reappropriations guidance distributed to agencies
December 1, 2017	Agency reappropriations requests due to OBM
December 2017 – January 2018	OBM reviews requests, resolves issues and drafts bill
February 2018	Reappropriations bill ready for introduction

Attachment

cc: John R. Kasich, Governor
Beth Hansen, Chief of Staff
Wayne Struble, Director of Policy

Capital Reappropriations Guidance – Fiscal Years 2019-2020

Overview

The Director of the Office of Budget and Management (OBM) is charged with the task of developing a biennial capital budget plan and, with the concurrence of the Governor, submitting that plan to the General Assembly (ORC 126.03). Due to a constitutional prohibition against appropriations extending beyond two years and a recognition that many capital improvement projects take several years to complete, capital appropriations must be reauthorized, or reappropriated, by the General Assembly to enable agencies to fund their capital projects through completion without interruption or delay.

As a part of the capital reappropriation process, OBM works with agencies to review capital appropriation line items (ALIs), identify ongoing capital projects that require reappropriation, and compile a list of those capital project ALIs along with a projection of their unexpended/unencumbered balances for inclusion in the bill which will make capital reappropriations. In addition to reappropriating available balances, the reappropriations process provides an opportunity to review long standing encumbrances and to consider repurposing or cancelling unused capital appropriations.

Agencies should work closely with their OBM budget analyst during the capital reappropriations process. This guidance lists a number of specific situations where agencies will need to contact their OBM budget analyst. One of the primary roles of the OBM budget analyst is to explain agency requests to decision makers, thus, keeping your OBM budget analyst updated is essential to moving through the budget process as smoothly as possible.

OBM Provided Documents

1. Capital Appropriation Balances Report as of October 30, 2017
2. Old Capital Encumbrances Report as of October 30, 2017 (if applicable)
3. Draft Reappropriations Language (if applicable)
4. Agency Capital Reappropriations Request spreadsheets:
 - a. Reappropriations Request (formatted for OAKS BPM upload)
 - b. Repurpose Request
 - c. Old Encumbrance Review (if applicable)
5. Agency Capital Reappropriation Justification template (Exhibit A)
6. Agency Capital Repurposing Justification template (Exhibit B)
7. Community Project Status Update spreadsheet

Agency Requirements

1. COMPLETE the Agency Capital Reappropriations Request spreadsheets and the associated justification documents.
 - a. Complete an Agency Capital Reappropriation Justification template for each request (See Exhibit A) and submit to OBM the BI/Cognos BPM-0023, Reappropriation Request Detail report after uploading or manually entering reappropriation requests into OAKS BPM (per the instructions provided below).
 - b. Complete the Old Encumbrance Review spreadsheet

- i. ONLY agencies with encumbrances established prior to July 1, 2014
- c. Complete the Repurpose Request spreadsheet and Agency Capital Repurposing Justification template, if applicable (See Exhibit B)
 - i. ONLY agencies requesting to repurpose funds
- 2. REVIEW draft language related to capital reappropriations and SUBMIT any proposed changes
- 3. COMPLETE the Community Project Status Update spreadsheet
 - i. ONLY agencies with active community projects

Deadline

All information must be submitted to your OBM budget analyst via email **no later than 5:00 p.m. on Friday, December 1, 2017.**

Capital Reappropriation Requests

The capital reappropriation process allows OBM and agencies the opportunity to review the status of all capital ALIs, including capital appropriations established in the current capital bill, by the Controlling Board, or by any other act of the General Assembly. Agencies **must** complete an Agency Capital Reappropriation Justification (see Exhibit A) **for each request** for reappropriation and submit to OBM a BI/Cognos BPM-0023, Reappropriation Request Detail report aftering uploading or manually entering reappropriation requests into OAKS BPM.

With respect to ongoing, not yet completed capital improvement projects, agencies should request reappropriation for every line item expected to have available balances as of June 30, 2018. If an ALI is not included in the reappropriations bill, then any unencumbered appropriation amounts will lapse on June 30, 2018. If your agency anticipates the full amount will be disbursed or encumbered by June 30, 2018, then your agency does not need to request reappropriation.

Agencies should be aware that the reappropriation amounts contained in the reappropriations bill are not the **actual** amounts that will be reappropriated. Rather, the dollar values contained in the bill function as placeholders that are reasonable estimates based on agency requests and OBM's subsequent analysis. Using estimates in the bill is necessary due to the time lag between the bill's development, introduction, and passage. Language in the bill stipulates that the **actual** amount to be reappropriated for each line item is the unexpended/unencumbered and unallotted balance at the end of the fiscal year plus any adjustments that may be made by the General Assembly.

Special Circumstances

The following situations may or may not impact your agency:

Capital Appropriation Established After December 18, 2017

The reappropriation of line items created by the Controlling Board or other legislation after December 18, 2017 and before June 30, 2018 will be addressed with general language in the reappropriations bill. Agencies should maintain a list of capital line items created during this period to reconcile with OBM during June 2018.

Language Review

Language for the Capital Reappropriations bill is highly technical with scenarios specific to each agency. Review language carefully. Submit to your OBM budget analyst either a confirmation that

the draft language is correct, or submit language corrections/additions directly to your budget analyst.

Reappropriations of Less Than \$1,000

OBM will not reappropriate any amounts less than \$1,000, unless there are extenuating circumstances. Agencies should contact their OBM budget analyst to pursue this exception.

OAKS Budget Planning Module (BPM) Entry for Reappropriation Requests

This is the first capital reappropriations process where BPM will be used as the system of record. Requests will be entered into OAKS BPM and reporting will be run out of BI/Cognos. Refer to Capital Budget under the Budget Planning Module topic in the [FIN Process Manual](#) for instructions on how to enter data online and upload data using the Budget Data Load spreadsheet as well as information on the capital BPM-related BI/Cognos reports. Agencies should contact their OBM budget analyst or the BPM mailbox at OBM.BPM@obm.ohio.gov with questions.

Reappropriation of Encumbrances Established Prior to July 1, 2014

There is no statutory limit on the life of capital encumbrances. However, the reappropriations process provides an opportune time to review whether an encumbrance is still necessary and to clean up those encumbrances that are no longer needed. To that end, agencies must identify which encumbrances are needed and which are not. Each encumbrance should be marked with “Keep,” “Cancel,” or “Redirect” with a brief descriptive justification (e.g., outstanding invoices remain on the project) on the Old Encumbrance Review spreadsheet. Requests to redirect old encumbrance balances to different ALIs will be considered on a case-by-case basis and will only be eligible if the total amount redirected is greater than \$1,000. Encumbrances identified for cancellation or redirection must be canceled by agencies before the end of June 2018. Agencies may cancel unnecessary encumbrances at any time.

Repurposing Existing Capital Appropriations

Consideration and review of requests to repurpose existing capital appropriation will be done on a case-by-case basis. The agency should coordinate such requests with their FYs 2019-2020 capital budget request and their FYs 2019-2024 capital plans to the greatest extent possible. Agencies **must complete** the Repurpose Request spreadsheet, and an Agency Capital Repurposing Justification (see Exhibit B) **for each request** to repurpose an existing capital appropriation.

Community Project Status Update

The fiscal years 2016 and 2017 capital budget authorized nearly \$160 million in community projects spread out amongst numerous agencies and institutions. In addition, some community projects authorized in prior capital budgets remained unexpended and were reappropriated to the current biennium. As part of your reappropriation request, agencies must complete the Community Project Status Update spreadsheet. This spreadsheet must include all community projects that had unspent appropriations as of October 30, 2017, even if the project is expected to be complete prior to the end of fiscal year 2018.

Exhibit A – Agency Capital Reappropriation Justification Template

Office of Budget and Management
Agency Capital Reappropriation Request Justification
FYs 2019-2020

Agency:

Fund:

ALI:

ALI Description:

Original Appropriation Amount:

Estimated Balance (As of June 30, 2018):

- 1) When were these appropriations first made and why have the funds not been obligated/encumbered during the FY 2017-2018 capital biennium? Please provide a timeline for the expected utilization of this appropriation.

- 2) If reappropriated, what projects/activities would be supported by these funds and how would these projects/activities contribute to satisfying administration and agency objectives?

- 3) What would be the impact on agency operations and its capital facilities plan should the requested amounts not be reappropriated?

- 4) Please provide any additional information that the agency believes would further justify reappropriating the requested funds.

Exhibit B – Agency Capital Repurposing Justification Template

Office of Budget and Management Agency Capital Appropriations Repurpose Request Justification FYs 2019-2020

Agency:

Fund:

ALI:

ALI Description:

Original Appropriation Amount:

Estimated Balance (As of June 30, 2018):

- 1) Provide a detailed description of why the funds are no longer needed for the purpose for which they were originally appropriated and of the proposed project for which the repurposed appropriation would be used.

- 2) What would be the benefit of repurposing the existing appropriation, in terms of either agency operational improvements or budgetary savings?

- 3) What would be the impact on agency operations and the agency capital plan if the request to repurpose the appropriation is not approved?

- 4) Will approval of the request to repurpose this appropriation result in a reduction in the amount of capital funding needed for this purpose in the FYs 2019-2020 capital budget request? If so, please describe the impact on the agency request.

- 5) Please provide any additional information that the agency believes would further describe the justification for approving the request.