MEMORANDUM

DATE: June 28, 2018

TO: State Agency CFOs

FROM: Mark Melhoff, FCD Deputy Director

SUBJECT: FCD Memo – FY19-001 – Reaffirmation of Monthly Allotment Distribution Accounting Process

Last year, the Financial Control Division implemented a process whereby Section 4 General Appropriation Act allotments were distributed at the program code (PCode) level and credited to a single department code. This change in allocation methodology streamlined the allotment process and provided a direct link between the allotment entries and the General Appropriation Act. Given the success of the change, FCD shall continue with this process in fiscal year 2019.

Attached for your review are the calculated July and August through June allotments compliant with the Appropriations Act of 2019. Not all amounts authorized under the bill were evenly divisible by twelve, hence July may be higher or lower than the remaining eleven months. If agencies identify an error they should communicate the issue immediately to FCD (MarkS.Melhoff@state.nm.us). Additional lines of coding will not be entertained.

For fiscal year 2019, agencies should be mindful of NMSA 6-3-6.B., “...the expenditures of any state agency for the first six-month period of each odd-numbered fiscal year shall be limited to one-half of the appropriation or approved budget, whichever is less, for that fiscal year”. Honoring requests for accelerated fiscal year 2019 allotments have been limited and compliant with the statute above.

Agencies are encouraged to budget and manage expenditures at the level necessary for proper and rigorous cost management. However, cost center architecture should not dictate revenue center structure. Typically, cost centers are used to divide an organization into autonomous units responsible for spending decisions, while revenue centers are established at the organizational level which generates or receives revenue for service or support. The current PCode level allocation process is consistent with the revenue center concept and authorizing legislation. The current process also facilitates quicker and cleaner adjustments, if that becomes necessary.

If you have any questions related to this change please contact me.