

JOB AID: CHANGE BUDGET REDUCTION PROPOSALS

This job aid describes the process agencies should use to submit Change Budget reduction proposals.

Change Budget requests to decrease funding due to enrollment changes, propose realignments outside the Base Budget process, eliminate inefficient or outdated activity, or propose reduction options when required are submitted in IBIS on the Worksheet II decrease form. A separate Worksheet II must be completed and submitted by the agency for each reduction item. Guidance on completing the Worksheet II for reduction proposals follows.

In addition to General Fund appropriation reduction options, agencies should also submit Worksheet IIs for proposed reductions from non-General Fund sources (federal funds or other receipts) and items that are split-funded from multiple sources. Although reduction options are not required, agencies are encouraged to look for opportunities to improve program delivery and agency operational efficiency.

Agencies that opt into OSBM's two-step Change Budget request process are required to share their ABC List with their OSBM budget development analyst by **December 18, 2020. The deadline for Worksheet II submissions for pilot participants is **January 20, 2021**.**

Agencies that do not opt into this process are required to submit their Worksheet II Budget Reduction proposals through IBIS on or before **December 18, 2020.**

Completing the Change Budget Reduction Proposal Form in IBIS (Worksheet II)

To begin a Change Budget entry, log into IBIS and select Worksheet II from the Create New Request menu. For reduction proposals, select "Decrease" from the Worksheet Type menu. This will generate the following Request Types (select one Request Type per Worksheet II).

- Change in budgeted receipts/fees or other revenue
- Consolidation/reorganization of programs or services
- Enrollment/population served
- Other reduction
- Program elimination
- Program reduction

THE BASIC INFORMATION TAB:

- **Priority** indicates the requests ranking among the agency's reduction items. All requests should be rank ordered, with "1" indicating most preferred/necessary. For requests with recurring and nonrecurring components, assign the request a priority number and then put an "A" after that number on the recurring portion of the request and "B" after that same number on the nonrecurring component. For example, "1A" for recurring and "1B" for nonrecurring in the priority field.
- **Recurrence** indicates whether the item is Recurring or Nonrecurring. Nonrecurring should be selected for those items occurring only in the first year of the biennium. An item with both a recurring and nonrecurring component requires two WK II entries. Please follow the priority ranking convention explained above for such requests.
- **Worksheet Type** indicates whether the request is an increase or a decrease. For reduction items, "Decrease" should be selected as the option in the Create Request menu.
- **Request Type** requires an agency to categorize the request as one of the options available in the drop-down menu.

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- The **Title** of the Request for which the Worksheet II is prepared should include enough specificity to identify the request.
- **Capital Improvement Project.** If there is a capital improvement project associated with the reduction request, you will be prompted for further information regarding the project. Contact your OSBM capital development analyst if you have questions about the code number. The **Item Number** should be the same as the Item Number on your Capital Improvement Project request.
- Additional **Space Requirements** per [G.S. 120-36.7\(c\)](#): Answering “Yes” will require additional information regarding: 1) the type of space (office, storage, other) required for the request; 2) the Additional Square Footage Required for the request for fiscal years 2019-20 through 2024-25; and 3) the additional estimated annual cost of the space requirements for those same years.
- **IT Component Requirements:** Indicate if this request has an IT component.
- **Affects Another State Agency or Local Government Y/N:** Indicate if this request impacts another state agency or local government. If “Yes” please list the agency/government.
- **Requires Special Provision Y/N:** If “Yes” will require a description of the provision and statutory or session law references.
- **Ties to Agency Strategic Plan Y/N:** If “Yes” you will be prompted to describe which specific goal and objective. If “No” explain why the request is a priority.

THE NARRATIVE TAB:

OSBM will evaluate Change Budget reduction proposals based on the nature of the proposal and the accompanying narrative. Agencies should focus their efforts on ensuring the narrative components of the Worksheet II clearly and succinctly summarize the proposed reduction, how it was identified, and what the effects of the proposed reduction would be for the agency, the public, and other affected entities. Any type of reduction proposal should include enough information and supporting documentation to enable evaluation of its necessity, desirability, and impacts.

The following prompts are provided in the Reduction Proposal Worksheet II to assist agencies with adequately describing and documenting the proposed reduction and associated impact. Included with each prompt are the types of questions that should be addressed in that section as appropriate. The relevant questions and amount of detail required to adequately address them will vary based on the nature of each request. Agencies should complete all form components and provide supporting data to present a full picture of the proposed reduction and its impacts. Supporting documentation or detail should be provided using the “Attachments” tab if necessary. Should a request not need elaboration for a particular prompt, please enter “not applicable” in the text field. You will not be able to submit a Worksheet II if each field has not been addressed.

1. Summary of proposed reduction

- What specific activities, functions, or programs will the agency reduce, eliminate, or shift to receipt-supported?
- How were these activities identified for reduction, elimination, or a shift in funding source? Is this reduction in accordance with the priorities in your agency’s strategic plan?
- Does this request require statutory changes or special provisions? If yes, provide an explanation of what statutory changes or special provision components may be needed.

2. If the activity has been identified for reduction based on program outcomes or inefficiencies, describe any past efforts to increase the efficiency or effectiveness of the activities or program.

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- Have there been prior attempts to improve or eliminate the program? If so, please describe.
 - Are there existing programs within the department or in another state agency that could be redeployed or leveraged as partners to achieve these outcomes?
3. How will the request affect outcomes for the public, the quality of government services, or government efficiency?
- What are the anticipated outcomes of the proposed reduction?
 - Who will be affected by this reduction?
 - Does the reduction result in increased costs to individuals, other state agencies or units of local government?

THE POSITIONS TAB:

- The Positions tab indicates the detail of positions proposed for elimination by **Fund Code, Cost Center, Account Number, Salary Grade, State Personnel Classification, Effective Date, Retirement Program, Other Information**, the **FTE** (rounded to third decimal) for FY 2021-22 and FY 2022-23, the **Annual Salary** of the position, and the **Budgeted Salary** for FY 2021-22 and FY 2022-23. The effective date shall be July 1 unless there are extenuating circumstances that would necessitate a later effective date (such as positions that would support a facility upon the completion of a construction project). Agencies should seek prior approval from your OSBM budget development analyst before using an effective date later than July 1.
- Annual Salary Levels:
 - The annual salary entered for each position proposed for elimination shall reflect the position's current budgeted salary from state appropriation. Reducing the position by less than this amount requires prior approval by your OSBM budget development analyst.
 - The FTE shall be rounded to the third decimal.

THE BUDGET DETAIL TAB:

- The Budget Detail tab indicates the total requirements, receipts, and appropriation for the reduction option.
- The requirements menu indicates the detail of the **Requirements** for the reduction option. The Account Number and Title are the rolled-up NCAS expenditure **Account Number** and **Account Title** at the three-digit level of detail (e.g., 531XXX).

The amounts shown in the FY 2021-22 and FY 2022-23 columns reflect the incremental change in the funding required to implement the reduction. The projection of the requirements for future fiscal years should include the annualized amount of the reduction.

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- Fringe benefits for eliminated positions should be based on the rates as follows:

Federal Insurance Contributions Act (FICA) Social Security & Medicare	7.65%
Social Security (OASDI) up to maximum taxable amount of \$137,700	6.20%
Medicare Portion (HI) on ALL earnings	1.45%
Teachers and State Employees Retirement Rate	21.68%
State Law Enforcement Officers Retirement Rate	26.68%
Optional Retirement Rate	13.61%
Consolidated Judicial Retirement Rate	43.12%
Legislative Retirement System Rate	33.98%
Health Benefits – Medicare Eligible Employees and Retirees	\$4,916
Health Benefits – Non-Medicare Eligible Employees and Retirees	\$6,326

Retirement and health benefits for permanent state employees who work at least nine months per year and at least 30 hours per week must be included.

The Actual 2019-20 and Authorized 2020-21 columns will be pre-populated with information from IBIS and should directly reflect activity related to the reduction proposal. Since the system will pull all activity related to the fund/accounts keyed into the form, there may be situations where the actuals and authorized numbers reflect an aggregate of multiple activities beyond the specific reduction proposal. Consult with your OSBM analyst on any changes that may be required.

- The receipts menu indicates the detail of the **Receipts** for the reduction proposal (if any). The Account number and title are the rolled-up NCAS receipt **Account Number** and **Account Title** at the three-digit level of detail (e.g., 438XXX). The amounts shown in the FY 2021-22 and FY 2022-23 columns reflect the change in the level of receipts anticipated for implementation of the reduction proposal. If specific statutory authority is needed to request additional fees, attach recommended statutory or special provision language.

Note: An agency can complete as many lines as necessary for requirements and receipts. These lines will be compiled in the table of summary totals below.

The **BUDGET OVERVIEW TAB** provides a summary of all requirements, receipts, and appropriations entered in the Budget Detail tab.

ATTACHMENTS/REFERENCES

Please attach any documents that support or elaborate on your reduction proposal to the IBIS Worksheet II form. For any data cited in your request, attach supporting documentation identifying data sources and methodologies for collecting and analyzing the data.