



***2023-25
Governor's
Recommended Budget
Kickoff***

Base Budget Training

Integrity

Innovation

Teamwork

Excellence



OSBM Budget Execution Team

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Preparing the 2023-25 Base Budget

Base Budget (Worksheet I)

- Authorized budget changes
- Realignment
- Increases & decreases
- Fund restructuring

Change Budget (Worksheet II)

- Expansion requests and/or reduction options
- Includes IT projects
- Specific guidance and instructions to be issued later this fall following updated revenue forecast

Capital Budget (Worksheet III)

- 6-year capital plan, includes
- New capital projects
- Repair & renovation requests



What is the Governor's Recommended Base Budget?

G.S. 143C-1-1.(d)(1c) provides:

- “That ***part of the recommended State budget*** that provides the baseline for the next biennium. The base budget for each State agency ***shall be the authorized budget*** for that agency ***with adjustments*** only for the following...”

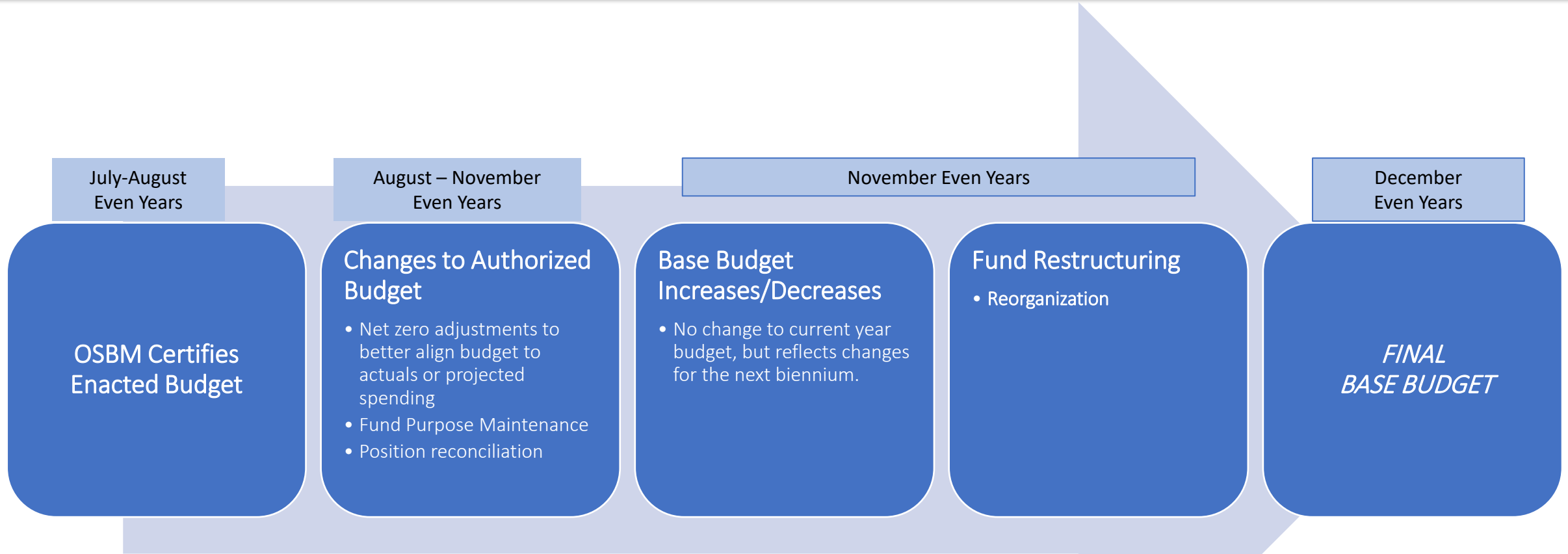
The base budget provides funding necessary to continue the ***existing, authorized level of services for next biennium***.

The base budget is presented in the base budget report (aka The Worksheet I report) available in IBIS.

G.S. 143C-3-5.(d) provides that the budget includes “...***all Governmental and Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for The University of North Carolina and its constituent institutions that are subject to this Chapter.***”



Base Budget Development Process



GOAL OF BASE BUDGET ACTIVITIES

More accurately reflect ongoing budget needs, which
REDUCES NUMBER OF BUDGET REVISIONS IN THE 2023-25 BIENNIUM!



Base Budget Instructions Website





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Base Budget Key Dates



Due on or before:

- **Sept 30:** Base Budget Instructions memo issued
- **Oct 6:** Base Budget instructions training
- **Oct 7:** Draft Base Budget documents available for agency review, including RK314 report
- **Oct 12:** Agency to notify OSBM of budget revisions to include/exclude from base budget
- **Oct 20:** Agencies submit requested updates to fund purpose statements
- **Nov 4:** Agencies submit revisions adjusting receipts based on receipt analysis with OSBM
- **Nov 10:** Agencies submit all revisions adjusting salary reserve/personnel expenditures and intra-governmental transfers
- **Nov 18:** All Worksheet I entries due to OSBM, including restructuring plans
- **Dec 18:** Deadline to include revisions in Base Budget/Base Budget finalized



Reconciliation Report

Where can you find it?

IBIS → Reports → Self Service Reports → Budget Development Reports → Worksheet I Reports

What does it tell me?

- Explains how the Authorized Budget on the WSI is derived.
 - Starts with the Certified Budget (BD307)
 - Provides a list of enacted revisions included in the Base Budget for the selected budget code
 - Requirements, Receipts, and Appropriations shown at the budget code level
 - Position data shown at the fund and salary account level

The screenshot shows the IBM Cognos Analytics interface. The breadcrumb navigation path is: Team content > Self Service Reports > Budget Development Reports. Under Budget Development Reports, there are three folders: Worksheet I Reports (4/20/2021 1:44 PM), Worksheet II Long Session Reports (12/31/2014 2:34 PM), and Worksheet III Long Session Reports (12/3/2014 1:33 PM). The 'Worksheet I Reports' folder is circled in red.



Budget Revision Review

RK314 Report

Where can you find it?

IBIS → Reports → Self Service Reports → Budget Execution Reports

What does it tell me?

- Provides a list of all revisions approved for the selected budget code
 - Outlines Requirements, Receipts, Appropriations, positions, Recurring or Non-Recurring status, and revision titles
 - Confirms whether the revision will be included in the Base Budget

Why is it important?

- It is helpful in determining which revisions should be included in the Worksheet I

The screenshot shows the IBM Cognos Analytics interface. The top navigation bar includes the IBM Cognos Analytics logo and a 'Welcome' dropdown. The left sidebar contains navigation options: Home, Search, My content, Team content, and Recent. The main content area displays a breadcrumb trail: Team content > Self Service Reports > Budget Execution Reports. Below the breadcrumb, a list of reports is shown, each with a document icon, title, and timestamp. The report 'RK 314 Budget Revisions List Report' is circled in red. Other reports in the list include 'Allotment Tracker - BETA', 'BD 606 Budget Revision Report', 'RK 15 Multi Purpose Report', 'RK 312 A Return Revisions Analysis Report', 'RK 312 B Return Revisions Analysis Report', 'RK 312 Budget Revision Count Report', 'RK 315 Repeat Budget Revision List Report', and 'RK 316 Count of External Budget Revisions by Fiscal Year and Quarter'.

Report Title	Timestamp
Allotment Tracker - BETA	4/28/2022 3:14 PM
BD 606 Budget Revision Report	9/23/2022 11:50 AM
RK 15 Multi Purpose Report	9/28/2022 5:24 PM
RK 312 A Return Revisions Analysis Report	7/1/2021 9:27 AM
RK 312 B Return Revisions Analysis Report	7/1/2021 9:27 AM
RK 312 Budget Revision Count Report	7/1/2021 9:30 AM
RK 314 Budget Revisions List Report	9/22/2022 1:49 PM
RK 315 Repeat Budget Revision List Report	9/27/2022 10:22 AM
RK 316 Count of External Budget Revisions by Fiscal Year and Quarter	7/1/2021 9:35 AM



Realignments

Ask yourself: Does your 2021-23 budget make sense for 2023-25?

Realignment offers agencies the opportunity to enact changes to budgeted expenditures for lines 532XX-535XX to reflect more realistic levels of need for the 2023-25 biennium.

- Reconcile actuals from several recent fiscal years against budget totals
- Consider trends and future actions that might impact expenditures

By realigning budget this way, agencies avoid the necessity for budget revisions following certification of the 2023-25 biennial budget.

- Fewer type 14 budget revisions needed to close out budget reports.



Receipts Adjustments

- G.S. 143C-3-5(b)(2)c, requires estimated receipts in the recommended budget to be ***adjusted to reflect actual collections from the prior fiscal year***, unless the Director of the Budget recommends a change or determines there is a more reasonable basis to accurately project receipts.
- OSBM will work with each agency to determine the basis to accurately project receipts and to make associated increases or decreases to total requirements if necessary.
 - Close out grants/programs that are no longer needed in SFY 2022-23 and beyond.
 - Adjust expenditures to reflect actual receipt support for 2022-23 and the 2023-25 biennium.
- Through this process an agency may realign receipts ***within funds***.



Salary Reserve & Personnel Expenditure Realignment

- Agencies should reconcile annualized salary budgets within IBIS and BEACON to ensure adequate funding for payroll commitments.
- OSBM will assist agencies in analysis of budgeted salaries and BEACON salary information by fund and account.
- B0149 Report
- Based on budget for salaries, agencies should confirm adequate budget exists for Social Security, health benefits, and retirement.

Federal Insurance Contributions Act (FICA) Social Security & Medicare	7.65%
Social Security (OASDI) up to maximum taxable amount of \$147,000	6.20%
Medicare Portion (HI) on ALL earnings	1.45%
Teachers and State Employees Retirement Rate	22.94%
State Law Enforcement Officers Retirement Rate	27.94%
Optional Retirement Rate	13.56%
Consolidated Judicial Retirement Rate	43.63%
Legislative Retirement System Rate	28.67%
Health Benefits – Active Employees	\$7,397



WSI Entry: Annualizations

- Allowable adjustments (increases or decreases) of a program changed by the General Assembly, on a recurring basis, in the previous fiscal year with a start date after July 1, 2022.
 - Hypothetical Example: The General Assembly funded 30 Juvenile Court Supervisors in the 2022 Appropriations Bills with a start date of May 2023
 - Recurring expenditures that were funded specifically with non-recurring funds are not eligible to be annualized.
 - The annualization spreadsheet is available on the Job Aid Site under ["Annualization Calculations"](#)



WSI Entry: Adjustments for Non-Recurring Items

- Non-Recurring Increases or Decreases made by the General Assembly will need to be removed.
 - Example: The General Assembly increased Department of Public Safety appropriations by \$1,000,000 for a Digitizing Paper-Based Health Records project on a non-recurring basis.
 - IBIS will automatically generate a base budget adjustment (Worksheet I entry) to remove these items, but agencies will still need to review.



WSI Entry: Adjustments for Federal Payroll Taxes and Leases

- Known adjustments to federal payroll taxes may be made in the base budget through a Work Sheet 1 entry.
- Known contractual lease obligations that have been entered into by an agency may be included in the base budget process.
 - Example: An agency signs a five-year lease with 5% per year escalation. The 5% per year escalation may be included in the base budget.
 - Lease increase worksheet is available here: [Lease Increase Calculation](#)



WSI Entry: Leases Associated with Guaranteed Energy Savings Contracts

- A Guaranteed Energy Savings Contract is a type of lease of real property via an installment contract through under Article 3B of G.S. 143
 - Normal utility inflation increases are **not** allowed under the base budget process
 - If utility inflation was included under the Guaranteed Energy Savings Contract schedule N, they may be included in the base budget process and associated with the relevant utility line item
 - Agencies will attach the Schedule N (Guaranteed Annual Cashflow Analysis) and use the lease increase sheet include in the slide prior.



WSI Entry: Realignment of Receipts

- Agencies should carefully review the expenditures, receipts, and fund balances to ensure programs are correctly budgeted in the base budget. Agencies may propose realigning budgets across funds to more accurately reflect actuals.
 - *NOTE: This is the only opportunity in the two-year budget cycle in which realignments between funds are allowed on a recurring basis.*
- In preparing a proposed realignment of the base budget, agencies may:
 - Finance structural gaps or unmet needs within the existing base budget, including realigning budget across programs (funds) within a budget code.
 - Please contact your OSBM Budget Execution Analyst to discuss proposed realignments and personal services line item increases and decreases.
- Different from previously discussed receipts, as you can realign receipts ***between funds*** within a budget code.



WSI Entry: Reconciliation of Intra- and Inter-Governmental Transfers

- Agencies must balance inter- and intra-departmental transfers - i.e., if one fund or agency includes a transfer requirement, the receiving fund or agency must budget a matching transfer receipt
- Please **review the RK 333B** (Found at IBIS>Self Service Reports>Budget Development Reports>Worksheet I Reports) and contact your OSBM Budget Execution Analyst to discuss any proposed reconciliations



Reconciliation of Budgeted Transfers And Receipts Biennium 2021-23



13510 Public Instruction - General Fund

Account Code	Account Title	Fund Code	Fund Title	Actual 2019-20	Authorized 2020-21	Recommended 2021-22	Recommended 2022-23
538102	TRF 73510-TEXTBOOKS	1800	K-12 Classroom Instruction -SPSF	51,994,359	52,100,641	51,994,359	51,994,359
538102				51,994,359	52,100,641	51,994,359	51,994,359
438102	TRF IN-TEXTBOOKS	7104	State Textbook Fund	51,994,359	52,100,641	51,994,359	51,994,359
438102				51,994,359	52,100,641	51,994,359	51,994,359



WSI Entry: Statutory Adjustments

- The General Assembly may direct that adjustments be made to the Base Budget
 - Made through a WSI
 - Justification must include the statute or session law requiring the adjustment



Budget Cycle: 2019-21
Reference Number: BB-U5LT
Request Type: Increase/Decrease
Department: Department of Public Instruction
Adjustment Type: N.A.



WORKSHEET-I - FUNDS TO ALIGN PROGRAM ENHANCEMENT TEACHER FUNDING WITH PROVISIONS OF SL 2018-2

Status: Approved

Budget Code: 13510-Public Instruction - General Fund
BRU: Department of Public Instruction
Title: Funds to align program enhancement teacher funding with provisions of SL 2018-2
Ibis ID: U5M7
Is this recurring: Yes

Justification: In the spring of 2018, the General Assembly provided recurring funds for LEAs for program enhancement teachers (e.g., teachers in subjects like art, music, or physical education). The GA directed NC DPI to calculate an amount based on a ratio of 1:191 ADM, but funding would phase in as a percentage of this amount over time. In 2018-19, 25% of the calculated allotment was provided and the General Assembly specified an increasing percentage of funds to be provided in out years. This entry aligns the base budget for program enhancement teachers with the amounts specified in SL 2018-2 (see excerpt below). Amounts are calculated based on the calculated allotment needed for 2018-19, with relevant percentages from the legislation applied to this figure.

SECTION 5.(d) G.S. 115C 301(c2), as enacted by Section3(d) of this act, is amended by adding a new subdivision to read:



"(3) Appropriation. – Beginning with the 2019 2020fiscal year, there is appropriated from the General Fund to the Department ofPublic Instruction for the allotment for program enhancement teachers forkindergarten through fifth grade an amount equal to the percentage of the totalfunds required to allot program enhancement teacher positions for kindergartenthrough fifth grade on a basis of one teacher per 191 students for each fiscalyear as follows:

Fiscal Year Appropriation

2019 2020 50%

2020 2021 75%

2021 2022 and each subsequent fiscal year thereafter 100%.

When developing the base budget, as defined by G.S. 143C 11, for each fiscal year specified in this subdivision, the Director of theBudget shall include the appropriated amount for that fiscal year."

REQUIREMENTS

Fund Code	Cost Center	Account Number	Account Description	Adjustments To Requirements				Adjustments To FTE			
				Actual(2017-18)	Authorized(2018-19)	Amount(2019-20)	Amount(2020-21)	Actual(2017-18)	Authorized(2018-19)	Count(2019-20)	Count(2020-21)
1800	11400001	53650N	TCHER PROG ENHANCE	\$0.00	\$61,359,225.00	\$61,359,225.00	\$122,718,450.00	0.000	0.000	0.000	0.000



WSI Entry: Budget Restructuring

Base Budget Attachment

- An agency may restructure its budget by reducing or increasing the number of funds within a Budget Code in order to increase operational efficiency
- **Budget Restructuring Plans are due to OSBM by November 18, 2022**
- Budget restructuring is not necessarily a reorganization of the agency
 - **A reorganization would require a report** to the Joint Legislative Committee on Governmental Operations and Fiscal Research as required by GS 143B-10.

RESTRUCTURING PLAN

DEPARTMENT: _____

DIVISION OR INSTITUTION: _____

BUDGET CODE(S) AFFECTED: _____

CURRENT BUDGET CODE	CURRENT FUND CODE	NEW BUDGET CODE	NEW FUND CODE



WSI Entry: Reconciliation of Salary-related Employer Contributions (New)

- SL 2021-180 SECTION 5.5.(a) added:
 - “i. Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D Chapter 143 of the General Statutes”
- adjustments are to be done on a worksheet I to reconcile *across* fund codes or address surpluses or shortfalls at the budget code level



Base Budget Office Hours

- Thursday, October 20 - Receipt Analysis
- Thursday, November 3 - Salary Reserve/Personnel and Intra- and Inter-Governmental Transfers
- Thursday, November 10 – Worksheet I Entries and Budget Restructuring Plans



- **November 10**
- Change Budget Instructions Rollout
 - Two weeks earlier than in last Wednesday's email.
 - Goal is to not overwhelm agencies with overlapping requirements, while also giving you more time to react, plan, and assemble ABC lists by December 2.
 - Be on the lookout for an invitation from OSBM.



Questions?

For additional information/guidance *on base budget*, please refer to:

<https://www.osbm.nc.gov/budget/budget-instructions>

or contact your OSBM Budget Execution Analyst

THANK YOU FOR ATTENDING!