



Office of State Budget and Management

Budget Revision Job Aid

Revising the State Budget

- The North Carolina Constitution states that no money shall be drawn from the State treasury unless there is an appropriation made by law. [Article V, Section 7](#)
- The State Budget Act requires that the budget be appropriated in line item detail, specifically at the two-digit level in the NCAS chart of accounts (i.e. 53 12xx). [GS 143C-3-5\(b\)\(2\)c.](#)
- Once the budget is enacted by the General Assembly and certified by OSBM, changes to the line item budget can only be made if a law allows the change.
- This guidance applies to any budget code included in the state budget including 1XXXX, 2XXXX, 5XXXX, 6XXXX, and 7XXXX type budget codes.

Laws Frequently Used to Change the State Budget

GS 143B-10	Used to move positions between funds or establish/abolish positions. If the movement of positions is large enough, it may require consultation with the Joint Legislative Commission on Governmental Operations (aka "Gov. Ops.")
GS 143C-6-4	Allows for changes due to unforeseen circumstances, etc. Changes made under this authority are allowed on a recurring and non-recurring basis, depending on the subsection of the statute upon which the agency relies. If the change is large enough, it may require consultation with Gov. Ops.
GS 116-30.2(a) (UNIVERSITIES ONLY)	Allows transfers between university campuses.

What is Considered an Appropriation Made by Law?

A law enacted by the General Assembly that expressly appropriates funds from the State treasury is an appropriation. A law enacted by the General Assembly that describes the purpose of a fund, authorizes the use of funds, allows the use of funds, or specifies how funds may be expended, is not an appropriation

Examples of an Appropriation:

- There is **appropriated** from the Special Fund...
- Funds may be **spent** for the purpose of...
- The Department shall **expend** funds to...

Not Considered an Appropriation:

- The Board shall **allocate** funds with priority given to low wealth counties...
- Monies in the Special Fund shall be **used** to....
- The **purpose** of the fund is to...

Preparing a Budget Revision Justifications

The justification section of the IBIS budget revision form is the most important part of a budget revisions. Every budget revision justification should include the following information:

1. **DESCRIPTION & PURPOSE**– Describe how the budget is being changed and/or the purpose for which funds will be used.
 - a. Agencies should not seek to start new programs via budget revision. Rather, agencies should articulate how the budget action supports its current level of operations or maintenance.
2. **AUTHORITY** - Reference Session Law and/or General Statutes that authorize the budget action
 - a. The session law or statute referenced could include keywords such as “appropriates” or “may expend”
 - i. Agencies can rely on the more common statutory authorities listed in G.S. 143-6-4 or G.S. 143B-10. If agencies rely on these specific authorities, additional care will be required to detail the “extraordinary event” or “unforeseen circumstance” that requires a change to the authorized budget.
3. Explanation of why the budget action is considered recurring or nonrecurring
 - a. With the increased scrutiny on amending the state budget, agencies should carefully consider whether it should proceed with a recurring budget revision rather than rely on OSBM approval of “nonrecurring” budget revisions that occur every fiscal year.
4. References to companion budget revisions when transferring funds from other budget codes.
 - a. Agencies should coordinate with one another when there is transfer of funds between budget codes to ensure reciprocity and consistency across agencies.

Other General Reminders

In preparing budget revisions, the following general guidelines should be followed:

- **Certification** - budget revisions for a fiscal year should not be approved until the BD307 certification process is completed and the certified budget has been loaded into NCAS.
- **Over-Expenditures** - a Type 12 revision that increases requirements in excess of 3% of the current certified requirements for your General Fund budget code cannot be approved until there is a prior consultation with the Joint Legislative Commission on Governmental Operations (G.S. 143C-6-4(b1)). Expenditure of these funds may not proceed until the revision is approved.
- **Budget Detail Tab** – when entering line item budget information on this tab:
 - Budget line item detail needs to align with statements made in the description. For example, if the description notes that new faculty will be hired, there needs to be FTE included on the Positions Tab and salary/benefits need to be budgeted on the Budget Detail Tab.
 - Social Security and Salary-Related Benefits need to be budgeted at the approved rates or the justification must explain why the budgeted amounts are different from the approved rates or are not budgeted.
- **Positions Tab** – FTE should be entered on the positions tab whenever a budget revision action will change the FTE. For universities, only the Fund, Account, and FTE need to be entered. (Annual salary is not required.)
- **Effective Date** for recurring budget revisions should always be July 1 of the fiscal year, unless the funding is specifically for a shorter period of time (i.e., position is only funded for half the year). Entering an effective date other than July 1 will cause problems when budget revisions are copied from one fiscal year to the next in IBIS.

- **Approval Date** on budget revisions is the date IBIS uses to reflect the month in which an approved budget revision appears in the IBIS reports (ex. RK 325, RK 317, RK 323) and NCAS reports (ex. BD701).
- **Attachments – SO IMPORTANT!!!!**

Type 11 Budget Revisions

The General Assembly has set the requirements for a Type 11 budget revision in G.S. 143C-1-1(d)(7) as follows:

(7) Certified budget. – The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes mandated by the General Assembly.

Revisions may be made in the certified budget of a budget code for the following reasons only:

- Distribution to agencies from statewide reserves appropriated by the General Assembly, *such as retirement increases, health insurance increases, and legislative salary increases.*
- Distribution of reserves (537xxx, or 5383xx for NC State) appropriated to a UNC budget code.
- Board of Governors approved tuition and fee increases appropriated pursuant to G.S. 116-40.22(c). **Note:** This does not include tuition waivers which are budgeted by Type 12.
- Funds carried forward from one year to the next, *such as the 2.5% management flexibility, 103 receipts, or energy savings, which are authorized by statute.*
- Transfers between budget codes pursuant to G.S. 116-30.2 or G.S. 116-14(b1).
- Other budget or organizational changes authorized by the NC General Statutes or by Session Law.

Type 12 Budget Revisions

Revisions may be made in the authorized budget of a budget code for the following reasons:

- Budgeting receipts from new grant awards - a Type 12 revision that increases requirements by \$2,500,000 or more, requires State matching funds, or for a capital expenditure, cannot be approved until there is a prior consultation with the Joint Legislative Commission on Governmental Operations (S.L. 2017-57, Section 5.2). Expenditure of these funds may not proceed until the revision is approved.
- Reducing budgeted receipts.
 - Note: If the receipts to be used are more than \$500,000 for an IT project, the request must be made via an expansion request, and not as a budget revision.
- Budgetary alignments that impact the intra-governmental transactions (53 8xxx) accounts.
- To reflect the expenditure of lapsed salary funds that are not authorized as type 14 actions.
- To realign requirements between accounts within or between purpose/fund codes (except 53 2xxx purchased services, 53 3xxx supplies, 53 4xxx property plant and equipment, and 53 5xxx other expense and adjustments).

Type 14 budget revisions

OSBM delegates authority to agencies to revise the authorized budget for the following reasons:

- Budget adjustments (up or down) of \$5000 or less to a revenue account – agencies should be mindful of not circumventing the state budget act and separating larger adjustments to avoid OSBM review/approval
- To budget lapsed salary as allowed in Section 3.6.7 of the State Budget Manual
- To realign requirements between accounts within or between purpose/fund codes for 53 2xxx purchased services, 53 3xxx supplies, 53 4xxx property plant and equipment, and 53 5xxx other expense and adjustments (UNIVERSITIES ONLY)

Benefits to Adhering to OSBM Guidance:

- Process should result in less questions from the General Assembly’s Fiscal Research Division (FRD).
- Process builds knowledge into the system by recording the authorities and rationale for budget revisions.
- Process ensures compliance with the law and inoculates agencies from audit findings.
- EXPEDITES APPROVAL OF BUDGET ACTIONS! OSBM will spend less time chasing details prior to determining whether to approve or deny a budget revision request.