

JOB AID: CHANGE BUDGET EXPANSION REQUEST FOR FY2020-21

OSBM has modified the Change Budget request process to include (1) an optional pilot to review requests at a high level before proceeding to more detailed submissions and (2) streamlined change budget request (Worksheet II) forms.

Optional Pilot Program: Agency Budget Change (ABC) List

This optional pilot, open to all agencies, establishes a 2-step Change Budget request process in which an agency submits key summary information for requests using the Agency Budget Change (ABC) List Template prior to submitting more detailed Worksheet II and Worksheet III forms in IBIS.

OSBM analysts will review the ABC List and work with agencies to develop the business case for each request, determine if requests are viable given budgetary and other constraints, and amend requests based on feedback from decision makers. These collaborative discussions will produce a final list of items for which agencies will submit Worksheet IIs and IIIs.

The ABC List template includes separate tabs for operational, capital, and R&R requests. The first tab, "Instructions", provides guidance on how to complete the form. Each agency should only submit one Agency Budget Change form.

Agencies that opt into the pilot are required to share their ABC List with their OSBM budget development analyst by **January 31, 2020. The deadline for Worksheet II and Worksheet III IBIS submissions for pilot participants is **March 13, 2020**.**

Agencies that do not opt into the pilot are required to submit their Worksheet II and Worksheet III Change Budget requests through IBIS by **February 7, 2020.**

Worksheet II and Worksheet II-EZ

Regardless of pilot participation, all expansion requests must be entered and submitted in IBIS using the Worksheet II. OSBM has streamlined the existing Worksheet II and added a new shorter form, the Worksheet II-EZ, to facilitate more efficient entries for less complex requests.

The **Worksheet II-EZ** should be used for the following types of requests:

- Inflationary increases
- Internal service adjustments
- Documented increases to maintenance contracts for software or equipment that total more than \$10,000
- Documented increases to software licenses that total more than \$10,000
- Building reserves
- Adjustment to administrative operations
- Lease increases
- Vehicle or equipment replacement

The **Worksheet II** should be used for all other requests, including:

- Compensation and benefits
- Enrollment/population changes
- Information technology
- New vehicles or equipment

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- New program
- Program expansion

A separate WKII or WKII-EZ must be completed and submitted by the agency for each expansion item. Guidance on completing the Worksheet II and Worksheet II-EZ for expansion requests follows.

In addition to General Fund appropriation expansion requests, agencies should also submit Worksheet IIs/Worksheet II-EZs for expansion requests supported from 100 percent non-General Fund sources (federal funds or other receipts), for expansion items supported from cash balances in non-reverting funds, and for items that are split-funded from multiple sources.

Completing the Change Budget Expansion Request Forms in IBIS (Worksheet II and Worksheet II EZ)

SELECTING THE INCREASE REQUEST TYPE:

To begin a Change Budget entry, log into IBIS and select Worksheet II from the Create New Request menu. For expansion requests, select either “Increase” (WKII) or “Increase EZ” (WKII-EZ) from the Worksheet Type menu.

Selecting “Increase” (WKII) will generate the following Request Types (select one Request Type per Worksheet II):

- **Compensation and Benefits** – For use when proposing increases to compensation and benefits for positions. These adjustments are typically requested for high-turnover, hard-to-fill positions or positions with salaries significantly below market rates. Annualization of positions and reconciliation of salaries and benefits should be done in the Base Budget.
- **Enrollment/Population Changes**– For use with increases to reflect changes in the enrollment or population currently served in public schools, community colleges, the University of North Carolina System, prisons, and North Carolina’s Medicaid and Health Choice programs, State and County Special Assistance, or the Foster Care and Adoption Assistance program. With respect to the public school and community college enrollment, this request may include non-ADM and non-FTE mandatory State Aid requirements up to the actual level of expenditure to continue the existing level of service.

The Worksheet II should reflect FY 2020-21 enrollment growth above the FY 2019-20 budgeted level.

Special Note for the Department of Public Instruction

The State Board of Education and the Department of Public Instruction shall issue planning allotments to LEAs after enrollment data has received final approval from OSBM.

- **Information Technology** – For use with requests that have a significant IT component. New Information Technology projects should follow the instructions listed in the Information Technology Job Aid.

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- **New Program** – For use when proposing new and pilot programs.
- **New Vehicles/Equipment** – For use when proposing new equipment or vehicle acquisition associated with program expansions or new programs.
- **Program Expansion** – For use when expanding existing programs, including continued phase-in of programs where applicable. This type should be selected when expanding the range and quality of services provided through a program, not for meeting cost increases necessary to maintain the current level of services.

Selecting “Increase EZ” (WKII-EZ) will generate the following Request Types:

- **Administrative Adjustment to Program** – For use when requesting adjustments to programs due to an increase in demand *rather than a change in program scope*. Essentially this includes requests that are associated with providing the current level of service for a program. Examples include a request for an additional Processing Assistant because the administrative work has increased, or for a Marine Fisheries law enforcement officer because the number of boats on the water has increased. This category also can include requests that involve programs or activities that were previously supported with federal funds but for which other receipts or General Fund appropriation would now support.
- **Internal Service Adjustment** – For use when requesting adjustments due to rate changes for internal services such as motor fleet management, DIT, or Correction Enterprise (printing, framing, etc.)
- **Inflation and Related Cost Increases** – For use when requesting additional funding due to inflation and other cost increases necessary to continue to provide the same level of programs and services. This includes costs associated with owning and operating state facilities which may be impacted by inflation or other economic conditions: water and sewer, electric, natural gas, and fuel. This category also includes adjustments for costs related to the provision of direct services, care and custody of individuals, or classroom instruction: food, drugs and medical supplies, library books and periodicals, K-12 textbooks and instructional supplies, and gasoline. Adjustments may be requested to increase funding for specific accounts based on actual expenditures in recent years and anticipated rate changes in FY 2020-21.
- **Lease Increases** – For use when requesting additional funding to support increased lease rates.
- **Operating/Building Reserves** – For use when requesting operating funds to make facilities operational and functional for authorized capital projects scheduled for completion during the 2019-21 biennium. Any new programs, activities, or expansion of existing programs and activities associated with capital projects should be included on a separate Expansion Budget Request. The total estimated operating costs for each year must be requested in a reserve account (5371AA). A detailed account breakdown of each reserve must be attached to the corresponding Worksheet II IBIS form. The attachment should include the estimated completion date of the facility provided by the [Office of State Construction](#), number of positions required, proposed classification of each position, and other operating costs. Positions requested through reserves follow the same rates that are listed below in the Positions Tab section.

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- **Equipment or Vehicle Replacement** – For use when requesting equipment or vehicle replacements. Replacement of department-owned licensed motor vehicles may be requested, including cars, vans, trucks, jeeps, ambulances, buses, etc. Purchase and trade-in amounts for replacement vehicles are determined by each department/agency based on the particular type of vehicle and accessories. Refer to the [Vehicle Term Contracts](#) on the [Division of Purchase and Contract](#) web site as a basis for purchase amounts. The total purchase price of vehicles must be included in the appropriate line item. The estimated sales proceeds for the used vehicle must be budgeted as sale of surplus property receipts. The age, year purchased, mechanical condition, and annual repair/maintenance cost are prime factors in OSBM's consideration of these requests.

Note: new equipment or vehicle acquisition associated with program expansions or new programs should be requested through those respective request types and not under this type.

Ask your OSBM analyst if you have questions about which form to use.

THE BASIC INFORMATION TAB:

- **Priority** indicates the requests ranking among the agency's expansion items. All requests should be rank-ordered, with "1" indicating highest priority. 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 Nonrecurring or Recurring. 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 expansion items, "Increase" 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. See above guidance on selecting the request type.
- The **Title** of the Request for which the Worksheet II is prepared should include enough specificity to identify the request.
- **Capital Improvement Project Y/N:** If there is a capital improvement project associated with the expansion request, you will be prompted for further information regarding the project. Contact the Capital Improvement Section of OSBM 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\(c\)](#): **Y/N**. 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

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through 2024-25; and 3) the additional annual Cost of the space requirements for those same years.

- **IT Component Requirements Y/N:** 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 requests based on the strength of the business case and supporting data and evidence. Agencies should focus their efforts on ensuring the narrative components of the Worksheet II or Worksheet II-EZ clearly and succinctly articulate the problem being addressed, the intended outcome, and the expected impact of the request.

The WKII-EZ, intended for less complex requests, has only two justification questions.

The WKII includes additional narrative fields for addressing the business case for more complex requests.

Requests for new or expanded programs or services should include evidence and research supporting the program’s effect on desired outcomes. Any type of expansion request should include enough information and supporting documentation to enable evaluation of its necessity, viability, and efficacy.

The following prompts are provided to assist agencies with adequately describing and documenting the case for expansion requests. 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. WKII-EZ requests, such as addressing inflation and related increases in operational costs, may require less detail. However, it is imperative that agencies complete all components of both the WKII and WKII-EZ and provide supporting data to present a compelling justification for the request. 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” or “N/A” in the text field. **You will not be able to submit a Worksheet II/Worksheet II-EZ if each field has not been addressed.**

Prompts for both WKII and WKII-EZ

1. What problem or need is being addressed?

- Why is this a problem? When and how did this become a problem?
- How is the issue affecting workload or service delivery?
- Why is this expansion request necessary? What could result if the problem is not addressed?

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- Note if the expansion is related to inflationary pressures or rising costs that inhibit maintaining the current level of service or operations.

2. Describe your request, including the specific activities, functions, and services provided and a timeline for expenditures and positions (if any).

- For pilot programs, how will the pilot sites be selected?
- For existing program expansions, describe the current state of the program, including current budget and staffing information.
- If equipment or vehicles are requested, describe the need. Do more cost-effective alternatives exist and if so, why are they inadequate?

Additional Prompts for WKII Only

3. What alternatives have been considered or previously attempted to address the issue?

- What solutions have been attempted with existing resources? Why were they successful or unsuccessful?
- What alternative solutions were considered but not implemented, and why?
- Are there existing programs within the department or in another state agency that could be redeployed or leveraged as partners to meet this need?

4. How will the request improve outcomes for the public, improve the quality of government services, and/or improve government efficiency?

- What are the anticipated outcomes and who will benefit from this request?
- Describe the anticipated benefits, including the size and scope of the benefits.
- If this is an existing program, service, or activity, what have been the outcomes to date? How will this request improve upon those outcomes?

5. Why does the agency believe the proposed change will achieve the expected outcome? Are the anticipated outcomes supported by any of the following? Please describe, and attach or include references to relevant materials.

- Evidence from rigorous research that identifies the change caused by the intervention
- Findings from a program evaluation or analysis of internal or external data
- Industry standards or best practices
- Professional judgement
- Successful implementation in another state(s)

6. How will the outcomes be measured and how will the agency recognize success?

- What data will be used for evaluating changes in outcomes?
- Are there existing baseline measures to track against future performance?

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THE POSITIONS TAB:

- The Positions tab indicates the detail of positions requested 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 2020-21, the **Annual Salary** of the position, and the **Budgeted Salary** for FY 2020-21. 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 analyst before using an effective date later than July 1.
- Requested Salary Levels:
 - The requested salary level for each new position subject to the State Human Resources Act should use the midpoint for the appropriate classification, or the established market or reference rate for the requested level of the banded class (contributing, journey, or advanced) as authorized by the [Office of State Human Resources](#) unless otherwise justified in the narrative.
 - For positions exempt from the State Human Resources Act, the narrative should include a justification of the requested salary.
 - Justifications in the narrative should thoroughly addresses market conditions, geographic considerations and related factors that prohibit the agency from hiring at the midpoint. (If a position is funded from multiple sources, indicate the source and the percentage of funding from each source in the classification column.)
- The fringe benefits rates to be used when requesting new positions are 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	21.44%
State Law Enforcement Officers Retirement Rate	26.44%
Optional Retirement Rate	13.76%
Consolidated Judicial Retirement Rate	42.82%
Legislative Retirement System Rate	35.82%
Health Benefits – Medicare Eligible Employees and Retirees	\$5,165
Health Benefits – Non-Medicare Eligible Employees and Retirees	\$6,647

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 BUDGET DETAIL TAB:

- The Budget Detail tab indicates the total requirements, receipts, and appropriation for the expansion request.
- The requirements menu indicates the detail of the **Requirements** for the expansion request. 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).

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The amounts shown in the 2020-21 column reflect the incremental change in the funding required to implement the request. The projection of the requirements for future fiscal years should include the incremental change in funding required to continue funding for the request. The purpose of this projection is to show where there is increased cost to the state as a result of funding the expansion request. (This would not include projecting future legislative salary increases.)

Fringe benefits for new positions should be based on the rates in the table above.

Equipment to support new positions should be requested in the year the position is established. Other equipment related to the expansion request should be requested in the appropriate year.

The Actual 2018-19 and Authorized 2019-20 columns will be pre-populated with information from IBIS and should directly reflect activity related to the expansion request. 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 expansion request. Consult with your OSBM analyst on any changes that may be required.

- The receipts menu indicates the detail of the **Receipts** for the expansion request. 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 2020-21 column reflect the incremental increase in the level of receipts anticipated for implementation of the expansion request. Whenever possible, agencies should also recommend dedicated receipt or revenue sources that are currently unbudgeted to support their expansion requests. If specific statutory authority is needed, attach recommended statutory or special provision language to the Worksheet II form, which can provide authority for dedicated receipt and revenue sources. Agencies should survey and review best practices in other states or government organizations that operate similar programs and analyze the feasibility of dedicated revenue sources, instead of general fund appropriations, to support their expansion requests.

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 your expansion request to the IBIS Worksheet II or Worksheet II-EZ form. For any data cited in your request, attach supporting documentation identifying data sources and methodologies for collecting and analyzing the data.