



**2025-27
Governor's
Recommended Budget
Kickoff**

Base Budget Training

WELCOME! We will begin shortly.

Integrity

Innovation

Teamwork

Excellence



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Preparing the 2025-27 Recommended Budget

Base Budget (Worksheet I)

- Authorized budget changes
- Realignments
- 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

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...”

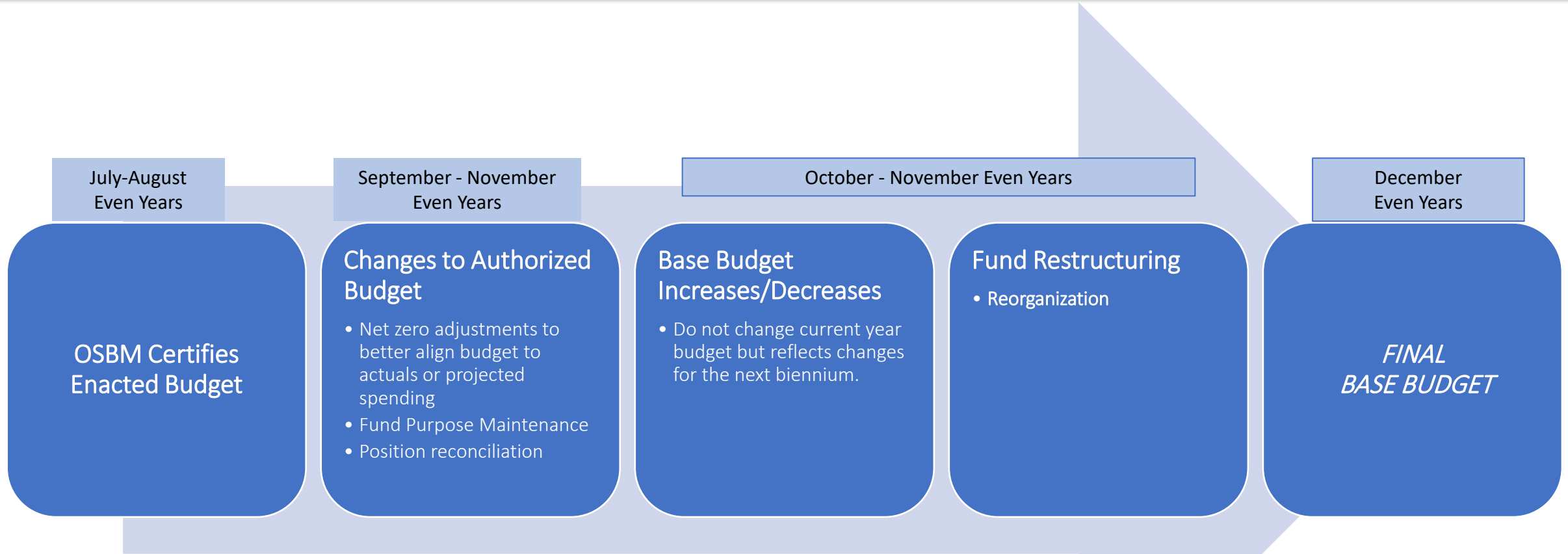
The base budget provides funding necessary to continue the ***existing, authorized level of services for the next biennium.***

The base budget is presented in the Base Budget Report (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 2025-27 BIENNIUM!



Base Budget Key Dates



Due on or before:

- **Sep 6:** Base Budget Instructions memo issued
- **Sep 12:** Base Budget instructions training
- **Sept 16:** Draft Base Budget documents available for agency review, including RK314 report
- **Sept 20:** Agency to notify OSBM of budget revisions to include/exclude from base budget
- **Oct 1:** Agencies submit requested updates to fund purpose statements
- **Oct 18:** Agencies submit proposed Pay Plan estimates to OSBM (final estimates due Jan 1, 2025)
- **Oct 22:** Agencies submit revisions adjusting receipts based on receipt analysis with OSBM
- **Oct 29:** Agencies submit all revisions adjusting salary reserve/personnel expenditures and intra-governmental transfers
- **Nov 12:** All Worksheet I entries due to OSBM, including restructuring plans
- **Nov 22:** Deadline to include revisions in Base Budget/Base Budget finalized



Home > Budget > Budget Instructions

Budget Instructions

The Latest Instructions
Instructions for FY 2025-27 Base Budget

[FY 2025-27 Base Budget](#)



Job Aids

Base Budget Aids	Closeout/Carryforward Aids	Capital Aids	Change Budget Aids
Salaries, Benefits	Certification	Misc. Aids	

FY 2025-27 Base Budget Job Aids

[Job Aid: Base Budget Reports](#)

[Job Aid: Explanation of Worksheet I Report Structure](#)

[Job Aid: Worksheet I Training Guide](#)

[Job Aid: Allowable Changes to FY 2024-25 Authorized Budget](#)

[Job Aid: Allowable Increases and Decreases to Establish 2025-27 Base Budget](#)

[Job Aid Attachment: Budget Restructuring](#)

[Job Aid Attachment: Annualization Calculations](#)

[Job Aid Attachment: Lease Increase Calculation](#)



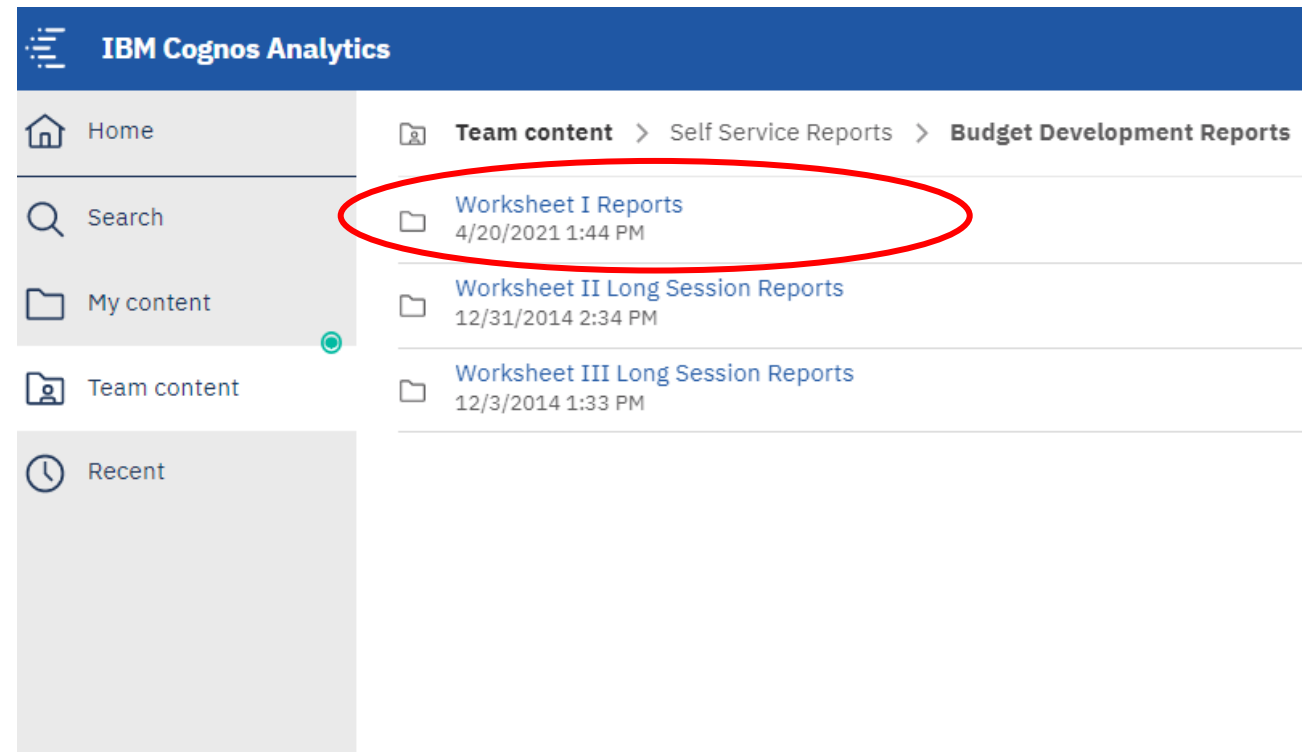
Reconciliation Report

Where can you find it?

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

What does it tell me?

- Illustrates how the Authorized Budget on the Worksheet I Report is derived.
 - Begins with Certified Budget (Revised BD307)
 - Provides a list of approved revisions included in the Base Budget
 - Adjustments to Requirements, Receipts, and Appropriation shown at the budget code level
 - Position data shown at the fund and salary account level





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 current biennium in the selected budget code(s)
 - Outlines Requirements, Receipts, Appropriations, positions, Recurring or Non-Recurring status, and revision titles
 - Indicates whether the revision has been included in the Base Budget

Why is it important?

- It may assist agencies in determining what revisions should be included in the Base Budget and ensure no revisions are erroneously excluded

The screenshot displays the IBM Cognos Analytics interface. The top navigation bar shows 'IBM Cognos Analytics' and 'Welcome'. The left sidebar contains navigation options: Home, Search, My content, Team content, and Recent. The main content area shows a breadcrumb trail: 'Team content > Self Service Reports > Budget Execution Reports'. Below this, a list of reports is displayed, including '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 314 Budget Revisions List Report' (highlighted with a red oval), 'RK 315 Repeat Budget Revision List Report', and 'RK 316 Count of External Budget Revisions by Fiscal Year and Quarter'. Each report entry includes a document icon, the report title, and a timestamp.



Realignments

Ask yourself: Does your 2023-25 budget make sense for 2025-27?

Realignment offers agencies the opportunity to make adjustments to budgeted expenditures for 52XXXXXX-55XXXXXX account groups to reflect anticipated expenditures in the 2025-27 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 2025-27 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 to that methodology or determines there is a more reasonable basis to accurately project receipts.
- OSBM will work with each agency to determine a 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 FY 2024-25 and/or in the 2025-27 biennium.
 - Adjust expenditures to reflect actual receipt collection for FY 2024-25 and/or anticipated receipts in the 2025-27 biennium.
- Through this process an agency may realign receipts ***within budget funds***.



Salary Reserve & Personnel Expenditure Realignment

- Agencies should reconcile annualized salary budgets within IBIS and BEACON to ensure adequate budget is structured to support payroll commitments.
- OSBM will assist agencies in analysis of budgeted salaries and BEACON salary amounts by **budget fund, account, and funding source**.
- The B0149 Report in BEACON provides funding information for all positions within an agency.
- Once that reconciliation is complete, based on budgeted salaries, agencies should confirm adequate budget is structured for Social Security, health benefits, and retirement commitments.

Federal Insurance Contributions Act (FICA) Social Security & Medicare	7.65%
Social Security (OASDI) up to maximum taxable amount of \$168,600	6.20%
Medicare Portion (HI) on ALL earnings	1.45%
Teachers and State Employees Retirement Rate	24.04%
State Law Enforcement Officers Retirement Rate	29.04%
Optional Retirement Rate	13.96%
Consolidated Judicial Retirement Rate	43.99%
Legislative Retirement System Rate	28.99%
Health Benefits – Active Employees	\$8,095

*Retirement rates for CIRS and LRS are subject to change if HB 10 becomes law

Adjustments for NCFS Chart of Accounts



NCFS Chart of Accounts

- Agencies should ensure that:
 - Any budgeted amounts that were incorrectly mapped from NCAS in the transition to NCFS have been corrected, and/or
 - The Base Budget accurately and completely reflects their use of new NCFS chart segments
- The following segments must be used:
 - Fund source segment for most personal services accounts (51XXXXXX)
 - Interfund segment for transfer accounts (481XXXXX and 581XXXXX)

Allowable Increases and Decreases



Allowable Increases and Decreases

- Annualization of programs and positions
- Reductions and Increases to adjust for NR items during the prior fiscal year
- Adjustments for federal payroll tax changes and rate increases on existing leases of real property
- Adjustments for receipt projections, made in accordance with GS 143C-3-5(b)(2)c
- Reconciliation of intragovernmental and intergovernmental transfers that require no net General Fund increase
- Adjustments for statutory appropriations and other adjustments as directed by the General Assembly
- Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 of the General Statutes



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 Worksheet I form to remove these items, but agencies will still need to review and submit these to OSBM for approval.



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, 2024.
 - Example: The General Assembly funded 30 new positions in the 2023 Appropriations Act with a start date of January 1, 2025.
 - Recurring expenditures that were funded specifically with non-recurring funds are not eligible to be annualized.
 - The Annualization worksheet is available on the Job Aid Site here: [Annualization Calculations](#)



Adjustments for Federal Payroll Taxes and Leases

- Known adjustments to federal payroll taxes may be made in the base budget through a Worksheet I form.
- 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 contracts must be signed. OSBM cannot approve anticipated lease increases that are not already obligated.
 - The Lease Increase worksheet is available on the Job Aid Site here: [Lease Increase Calculation](#)



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 a completed Lease Increase Calculation sheet, included in the prior slide.



Realignments 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 (budget 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 budget funds*** within a budget code.



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
- **Agencies should also ensure that any inconsistencies or errors in the use of the NCFS Interfund segment are resolved as part of the base budget process.**
- 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 2023-25



23005 State Budget and Management - Fines and Penalties

Account Code	Account Title	Inter Fund	Budget Fund	Budget Fund Title	Actual 2021-22	Authorized 2022-23	Recommended 2023-24	Recommended 2024-25
581000	AGENCY OPERATING TRANSFER OUT	000000	201185	GOV 2301 CIVIL PENALTY & FORFEIT BC 23005	25,296,348.24	30,193,768	30,193,768	30,193,768
	AGENCY TRANSFER OUT-AGENCY INTERNAL	202190	201185	GOV 2301 CIVIL PENALTY & FORFEIT BC 23005	201,041,640	204,841,640	165,041,640	165,041,640
581000					226,337,988.24	235,035,408	195,235,408	195,235,408



Statutory Adjustments

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



Budget Cycle: 2023-25
Reference Number: BB-10ZEP
Request Type: Increase/Decrease
Department: The University of North Carolina
Adjustment Type: Other Statutory Adjustments

WORKSHEET-I - UNC COLLEGE SCHOLARSHIP RESTRUCTURE

Status: Approved

Budget Code: 16011-UNC Board of Governors - Institutional Programs
BRU: University of North Carolina
Title: UNC College Scholarship Restructure
Ibis ID: 10ZEQ
Is this recurring: Yes



Justification: SL 2021-180 included the following language:



SECTION 8A.4.(f) Notwithstanding any other provision of law to the contrary, the Director of the Budget shall, in consultation with The University of North Carolina and the North Carolina State Education Assistance Authority, make necessary permanent adjustments to The University of North Carolina's certified budget for the 2021-2022 fiscal year to ensure that State appropriations for programs administered by the State Education Assistance Authority are clearly identified in a separate budget code or budget codes from the funds for the programs and for the support of the operations of The University of North Carolina System Office. The budget code changes authorized by this section are effective from July 1, 2021, and shall be reflected in the base budget for the 2023-2025 fiscal biennium.

REQUIREMENTS

Budget Fund	Act #	Act Desc	AMU	NCFS Program	Fund Source	Project	Inter Fund	Adjustments To Requirements				Adjustments To FTE			
								Actual (2021-22)	Authorized (2022-23)	Amount (2023-24)	Amount (2024-25)	Actual (2021-22)	Authorized (2022-23)	Count (2023-24)	Count (2024-25)
150051	57110322	RES-UNC COLLEGE SCHOLARS	0000000	U001260	0000	00000000000	000000	\$0.00	\$2,371,253.00	(\$2,371,253.00)	(\$2,371,253.00)	0.000	0.000	0.000	0.000

SUMMARY

	2023-24	2024-25	2023-24 FTE	2024-25 FTE
Requirements		(\$2,371,253)		0.000
Receipts		\$0		
Net Appropriation		(\$2,371,253)		



Budget Restructuring

Base Budget
Attachment
Due 11/12/2024

RESTRUCTURING PLAN

DEPARTMENT: _____

DIVISION OR INSTITUTION: _____

BUDGET CODE(S) AFFECTED: _____

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

- An agency may restructure its budget by reducing or increasing the number of budget funds within a Budget Code to increase operational efficiency
- **Budget Restructuring Plans are due to OSBM by November 12, 2024**
- 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.



“i. Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D Chapter 143 of the General Statutes”

- Adjustments to reconcile *across* budget funds or address surpluses or shortfalls at the budget code level are to be done on a Worksheet I form



Worksheet I Report



**Recommended Base Budget (Worksheet I)
Summary By Account
Biennium : 2023-25
Status : Approved**

**030-Governor's Office - General Fund
13000-Governor's Office - General Fund**

Requirements

PERSONAL SERVICES

Account Code	Account Title	Fund Source	Inter Fund	Actual 2021-22	Certified 2022-23	Authorized 2022-23	Incr/Decr 2023-24	Total 2023-24	Incr/Decr 2024-25	Total 2024-25
51110000	EPA-REG SALARIES	1XXX		\$3,288,305	\$3,527,764	\$3,524,895	\$0	\$3,524,895	\$0	\$3,524,895
51110000	EPA-REG SALARIES	2XXX		\$631,670	\$678,241	\$678,241	\$0	\$678,241	\$0	\$678,241
51140000	SEC/COUNCIL OF ST SAL	1XXX		\$158,612	\$162,881	\$165,750	\$0	\$165,750	\$0	\$165,750
51460000	EPA&SPA-LONGVTY PAY	1XXX		\$51,851	\$63,151	\$63,151	\$0	\$63,151	\$0	\$63,151
51460000	EPA&SPA-LONGVTY PAY	2XXX		\$0	\$4,500	\$4,500	\$0	\$4,500	\$0	\$4,500
51475000	BONUS-ARPA	1XXX		\$57,255	\$0	\$0	\$0	\$0	\$0	\$0
51475000	BONUS-ARPA	2XXX		\$7,995	\$0	\$0	\$0	\$0	\$0	\$0
51510000	SOCIAL SEC CONTRIB	1XXX		\$259,753	\$303,221	\$303,221	\$0	\$303,221	\$0	\$303,221
51510000	SOCIAL SEC CONTRIB	2XXX		\$47,073	\$48,707	\$48,707	\$0	\$48,707	\$0	\$48,707
51520000	REG RETIRE CONTRIB	1XXX		\$801,573	\$860,206	\$860,206	\$0	\$860,206	\$0	\$860,206
51520000	REG RETIRE CONTRIB	2XXX		\$144,657	\$142,255	\$142,255	\$0	\$142,255	\$0	\$142,255
51560000	MED INS CONTRIB	1XXX		\$282,823	\$334,937	\$334,937	\$0	\$334,937	\$0	\$334,937
51560000	MED INS CONTRIB	2XXX		\$47,303	\$51,631	\$51,631	\$0	\$51,631	\$0	\$51,631
51576000	FLEXIBLE SPENDNG SVG ACCT	0XXX		\$5,784	\$5,200	\$5,200	\$0	\$5,200	\$0	\$5,200
51625000	ST DISABILITY PMT	1XXX		\$0	\$1,615	\$1,615	\$0	\$1,615	\$0	\$1,615
51631000	WRKER COMP-MED PAYMENTS	0XXX		\$14,340	\$12,639	\$12,639	\$0	\$12,639	\$0	\$12,639
51652000	COMPEN TO OTH ELECTED OFF	0XXX		\$11,500	\$15,500	\$15,500	\$0	\$15,500	\$0	\$15,500
Total PERSONAL SERVICES				\$5,810,493	\$6,212,448	\$6,212,448	\$0	\$6,212,448	\$0	\$6,212,448

PURCHASED SERVICES

Resources



Base Budget Office Hours

- Thursday, October 10 - Receipt Analysis
- Thursday, October 17 - Salary Reserve/Personnel and Intra- and Inter-Governmental Transfers
- Thursday, October 24 – Worksheet I Entries and Budget Restructuring Plans



OSBM Budget Execution Team

Mark Bondo – Assistant State Budget Officer (JPS, NER, Statewide)
Jennifer Neisner - Assistant State Budget Officer (HHS, Education, General Government)

Analyst	Agency
Marsha Overby	DPS/ SBI
Mark Bondo	Statewide/ DOT/ DEQ/ Capital
Unika Ashe-Valentine	DACS/ DNCR/ Commerce/ Dept of Labor
Kathleen Aldridge	DOJ/ IDS/ AOC/ OAH/ DAC
Rachel Stallings	UNC System
Alice Saunders	DOI/ DOA/ DOR/ DMVA/ HFA/ Lt. Gov/ OSHR/ NCGA/ SBOE
Pam Johnson	DHHS/ Gov Office/ Sec of State/ OSA/ Boards
Taylor Coburn	DPI/ Education Lottery
Danielle Scheu	Community Colleges/ DHHS
Sam Barber	DIT/ DST/ OSC/ Salary and Benefits
Brian Farmer	Operating – WRC/ Statewide; Capital - DHHS/ DOJ/ WRC/ DPS/ Higher Ed/ Gen Gov
Cole Justad	Operating – UNC; Capital - Ag/ DEQ/ DIT/ DPI/ DNCR/ DAC/ Higher Ed/ Gen Gov



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!