

JOB AID: ALLOWABLE CHANGES TO AUTHORIZED BUDGETS DURING BASE BUDGET DEVELOPMENT

Review of the authorized budget during Base Budget development allows agencies to permanently realign line-item budgets within a budget fund. This process should be the first step agencies take to address overages and deficits that impact the ability to deliver existing programs and services outlined in the budget.

Agencies should examine FY 24-25 authorized budgets by budget fund for opportunities to generate savings or realign budgets within a budget fund.

Depending on the scope and nature of a proposed change, OSBM may require certain adjustments to be requested as part of the Change Budget process.

The items listed below are adjustments allowed to the authorized budget during Base Budget development using authority that is not specific to the base budget process. These changes are accomplished through recurring budget revisions which are manually pulled into the Base Budget by OSBM. These budget revisions will be marked as “included in base” on the budget revision form in IBIS.

1. **Reconciliation of Budget Revisions** – OSBM will generate the 2025-27 Base Budget Document (“Worksheet I” Report) in IBIS effective September 16, 2024. The FY 2024-25 Authorized Budget in the Base Budget Document is determined by using the FY 2024-25 BD 307 Revised Certified Budget and adding all recurring revisions approved in the 2023-25 biennium through September 15, 2024. Recurring budget revisions approved after September 15, 2024, will be added to the Base Budget Document manually by OSBM.

The first step in reviewing the Base Budget Document is to make sure that IBIS correctly included all recurring budget revisions approved as of September 16, 2024. Use the *RK 314* and *Reconciliation Report* generated by IBIS (found here: Reports >> Self-Service Reports >> Budget Development Reports >> Worksheet I Report) for this analysis. The Reconciliation Report lists only revisions that are included in the Base Budget; if you would like to see all budget revisions, use the *RK 314* Report. The *RK 314* and Reconciliation Report will be available starting September 16, and OSBM will work with agencies to determine which budget revisions should be included in the base budget. Agencies should complete their analysis and communicate with OSBM by September 20, 2024, to ensure that all necessary budget revisions are included in the base budget.

A few reminders:

- a. Make sure all permanent allocations from statewide reserves are distributed in the Base Budget.
- b. If appropriation was transferred between budget codes, make sure reciprocal budget revisions are either both included or excluded.
- c. Carryforward revisions are non-recurring and should not be included in the base budget. Budget Revisions that authorize a carryforward from 2023-24 into 2024-25 should not be included in the Base Budget.
- d. Type 14 budget revisions that need to be recurring may be included in the Base Budget.

The totals for the budget code in the Reconciliation Report will match the total certified/authorized columns in the Worksheet I Report.

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Note: New FY 2024-25 budget revisions may be needed to adjust the Base Budget following the analyses outlined below. Be sure to indicate in the justification section of any new revision whether the revision should be included in the Base Budget and/or notify your OSBM Budget Execution Analyst.

2. **Realignments** - Agencies are encouraged to realign non-personnel expenditure account lines, 52XXXXXX - 55XXXXXX, within an operating budget fund to reflect anticipated expenditures for 2025-27. Agencies may submit new budget revisions to realign expenditures and receipts and/or request their OSBM Analyst to include nonrecurring type 12 and 14 revisions in the Base Budget by November 22, 2024.
3. **Receipts Adjustments** - The State Budget Act, in [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 that will result in collections that differ from the prior year, or determines there is a more reasonable basis to accurately project receipts. OSBM will engage agencies in an analysis comparing budgeted receipts with actual collections over the last three fiscal years and 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.

In rare instances, it may be necessary to adjust receipts in the Base Budget to reflect receipts that are anticipated for the next biennium but will not be received in FY 2024-25. Agencies should contact their OSBM budget analyst if there is an instance like this.

4. **Salary Reserve and Personnel (51XXXXXX) Expenditure Realignments** - Agencies should reconcile salary budgets between IBIS and FIORI to ensure adequate funding for payroll obligations (filled and unfilled positions). Agencies should also reconcile employer contributions for social security, retirement, and health insurance premiums. To the extent the annualized budget for salaries and fringe benefits exceeds requirements; these funds may be realigned to under-budgeted salary or fringe benefit line items. Note that any realignments must be between salary accounts that share the same funding source.

OSBM will engage agencies in analysis of budgeted salaries and FIORI salary information by budget fund and account. Agencies should also use the B0149-Positions by Funding Source report in FIORI to aid in the reconciliation of salaries and position counts. Agencies are responsible for maintaining current and accurate salary and position count data. ***Salaries reflected in FIORI must not exceed the authorized budget. If total salaries in FIORI exceed the authorized budget, appropriate personnel actions must be taken to adjust FIORI.***

Agencies should carefully review this information and may submit budget revisions to OSBM to align salary reserve to accurately reflect the annual salary requirements in each operating budget fund, and to eliminate any negative balances that exist.

It may be necessary to reduce or abolish positions in some instances to eliminate negative salary reserve amounts. Agencies can retain positive salary reserve amounts in the base budget.

JOB AID: ALLOWABLE CHANGES TO AUTHORIZED BUDGETS DURING BASE BUDGET DEVELOPMENT

Once agencies have reconciled position counts and salaries, apply the rates listed below for each budget fund and then compare the calculated amount needed for fringe benefit account lines to what is in the Worksheet I Report "Total" columns for each year of the new biennium.

The fringe benefits rates are as follows:

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 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.

Upon OSBM approval of allowable changes to authorized budgets, agencies should turn their attention to the Increases/Decreases to the authorized budget.

Note: The reconciliation of salary-related benefits outlined above refers only to recurring realignments within a fund that net to zero, as allowable under 143C-6-4. Reconciliations involving recurring realignments across funds and/or increases or decreases to the total amount budgeted are only allowable under 143C-1-1(d)(1c)i and must be completed on a Worksheet I form.

5. **Adjustments to Accommodate NCFS Chart of Accounts** – Agencies may submit revisions to realign budget amounts that may have been incorrectly mapped from NCAS in the transition to NCFS and/or to more accurately or completely reflect their use of new NCFS chart segments.

- NCAS to NCFS Mapping Errors – Revisions to correct these errors can be done on a type-11 revision. Agencies should include the following language in the justification on any such revision:

"Revision is authorized as a type-11 as it is a technical adjustment to revise budget that was incorrectly mapped from NCAS to NCFS."

- Expanded use of NCFS Chart of Account Segments – Revisions to more accurately or completely utilize NCFS chart segments can be done on a type-12 revision. Agencies should provide a narrative in the justification section of the revision that adequately describes the requested change.

In making these adjustments, agencies should ensure that specific chart segments are used appropriately. This includes use of the fund source segment for most personal services accounts (51XXXXXX) and use of the interfund segment for transfer accounts (481XXXXX and 581XXXXX).