

**JOB AID: ALLOWABLE INCREASES AND DECREASES TO FY 2022-23 AUTHORIZED BUDGET TO ESTABLISH  
2023-25 BASE BUDGET**

Allowable increases and decreases do not change the FY 2022-23 authorized budget, but are shown in the increase/decrease columns of the Base Budget Document and may increase or decrease total spending for a purpose or program for the upcoming 2023-25 biennium as authorized by the State Budget Act.

**Base Budget (“Worksheet I”) Entries in IBIS should fall into one of the eight authorized adjustment categories (described below); agencies may submit more than one form per category. OSBM requires a thorough explanation of the proposed adjustment by providing a narrative in the Base Budget Entry (“Worksheet I”) form or one of the attachment forms provided.** In most cases, these adjustments should be made in the Base Budget. However, depending on the extent to which a proposed change affects the scope of a program, OSBM may require these adjustments to be submitted as Change Budget adjustments.

Allowable increase/decrease categories are described below. In cases where a portion of the increase is supported by receipts, these receipts must be increased to ensure that the account bears the appropriate share of increased costs.

1. **Annualizations** - Increases or decreases for **recurring positions, programs, and operating costs of new facilities** that were partially funded in the previous fiscal year by the General Assembly. Agencies should prepare a Base Budget entry to **fully annualize** positions, programs, or operating costs that had effective dates **after** July 1, 2022 and were, therefore, not funded for an entire fiscal year. These increases or decreases should be made in the base budget for the 2021-23 biennium. Reductions for positions or programs abolished after July 1, 2022 must also be annualized. *Please complete the [Annualization Calculation](#) and attach to your Base Budget (“Worksheet I”) entry in IBIS.*

**Example:** A new position is authorized by the General Assembly effective October 1, 2022 at an annual salary of \$50,000. The budget for 2022-23 includes \$37,500 for the position for nine months. The difference between the annual salary of \$50,000 and the nine month (portion payable) salary of \$37,500 is \$12,500. \$12,500 is the allowable increase on the agency’s Base Budget entry. **Note:** The accompanying fringe benefits (Social Security, retirement, and health benefits) should also be annualized.

2. **Adjustments for prior year non-recurring increases or decreases** - All nonrecurring or one-time items approved by the General Assembly must be removed from the authorized budget in the increase/decrease columns. IBIS will automatically generate Base Budget entries for nonrecurring items approved for the 2021-22 fiscal year and the 2022-23 fiscal year. Please review these entries for accuracy before submitting to OSBM.
3. **Changes for federal payroll tax changes and existing lease rate increases**  
For known changes to federal payroll taxes set to occur in the 2023-25 biennium, as well as known lease rate increases set to go into effect during the 2023-25 biennium, agencies should prepare Base Budget entries to make appropriate adjustments. If agencies have existing leases with automatic rate increases, adjustments are allowed in accordance with the terms of real property the leases. *Please complete the [Lease Increase Calculation](#) and attach to your Base Budget (“Worksheet I”) entry in IBIS.*

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4. **Realignments to accurately reflect receipts, expenditures, and fund balances across funds (purposes or programs)** - 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.*

5. **Reconciliation of intra-governmental and inter-governmental transfers that require no net General Fund increase** -- Agencies must balance inter- and intradepartmental transfers. If one fund or agency includes a transfer requirement, the receiving fund or agency must budget a matching transfer receipt. *If transfers are out of balance, increases or decreases may be requested up to the level of 2021-22 actual expenditures.* 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; some reconciliations may be accomplished through budget revisions rather than a Worksheet I entry.

**NOTE:** Agency actual expenditures associated with transfers to DIT for subscription fee charges may NOT be included.

6. **Adjustments for legislative and statutory requirements** -- In a limited number of circumstances, the General Assembly has directed, through statute or session law, that certain adjustments be included in the base budget development process. If an agency is required by statute or session law to include items in the base budget, the statute reference must be included in the justification field of the Base Budget entry.
7. **Restructure** – An agency wishing to restructure its budget by reducing or increasing the number of funds within a Budget Code in order to increase operational efficiency should complete the [Budget Restructuring Attachment](#) and submit it to OSBM for review by November 18, 2022. After all Base Budget entries have been approved, OSBM analysts will review Restructuring Plans and work with agencies to submit Restructuring Base Budget entries. Restructuring will be shown as separate columns on the Base Budget Document.

Budget structure changes should not necessarily be the result of, or require, a reorganization within your agency; restructuring your budget may simply be an opportunity to be more efficient in your operations. However, if a budget restructuring involves a reorganization, a report must be made to the Joint Legislative Committee on Governmental Operations and Fiscal Research as required by GS 143B-10.

8. **Reconciliation of salary-related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 of the General Statutes** -- Once agencies have reconciled position counts, salaries, and salary-related benefits within a fund through a

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recurring budget revision, agencies may submit a worksheet I form for any additional reconciliation of salary-related employer contributions, longevity, and special separation allowances under Article 12D of Chapter 143 that requires a recurring realignment across funds and/or an increase or decrease to the total budget. After applying the rates listed below for each fund and then comparing the calculated amount to what is in the authorized Base Budget for each appropriate line item, any surpluses within a fund may be realigned to funds with deficits. If a shortfall or surplus exists at the budget code level, the increase or decrease should be requested through a worksheet I.

*Please contact your OSBM Budget Execution Analyst to discuss proposed realignments and personal services line item increases and decreases.*

***Again, the adjustments outlined in this section are to be done on a worksheet I in order to reconcile salary-related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 across fund codes or address surpluses or deficits at the budget code level.***

Fringe benefits rates to be used are as follows:

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

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.