

## JOB AID: OPERATIONAL REQUESTS

### Operational Budget Request and IBIS Job Aid

This job aid describes the Worksheet II (WS-II) and Worksheet II-EZ (WS-II-EZ) process for agencies submitting operating expansion and reduction requests. Agencies submitting Capital and Repair and Renovation (R&R) requests through the Worksheet III (WS-III) can find that job aid on OSBM's [Job Aids website](#).

Reduction options are not required, but agencies should look for opportunities to improve program delivery and agency operational efficiency. Agencies may submit operational budget requests to decrease funding due to enrollment changes, propose realignments outside the Base Budget process, eliminate inefficient or outdated activities, or propose reduction options.

Prior to submitting a WS-II or WS-II-EZ, all agencies will submit an Operational Agency Budget Change (ABC) List to OSBM summarizing their operational requests. ABC Lists inform discussions between agencies and OSBM to determine which requests are viable given budgetary and other constraints, develop evidence-backed business cases, and allow agencies to refine and adjust requests based on feedback from decision makers. Agencies should incorporate feedback from these discussions into WS-IIs and WS-II-EZs.

**For questions, including which form to use, please contact your OSBM Budget Development analyst.**

### When to Use a Worksheet II (WS-II) and Worksheet II-EZ (WS-II-EZ)

Agencies must submit all operating and IT change requests in IBIS using the WS-II or WS-II-EZ. Each expansion or reduction item must have a separate WS-II or WS-II-EZ.

Agencies may submit the **WS-II-EZ** for the following types of requests:

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

All other requests require a **WS-II**.

In addition to General Fund-supported requests, agencies should submit WS-IIs/WS-II-EZs for expansion and reduction requests supported entirely by non-General Fund sources (federal funds or other receipts), by cash balances in non-reverting funds, or split-funded from multiple sources.

### Guide to Completing the WS-II and WS-II-EZ in IBIS

#### **SELECT THE REQUEST TYPE:**

To begin a Change Budget entry, log in to IBIS and select "Worksheet II" from the "Create New Request" menu. Select one Request Type per WS-II.

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Selecting “**Increase**” (WS-II) from the “Worksheet Type” menu generates the following Request Types:

- **Compensation and Benefits** – For use when proposing increases to compensation and benefits for positions. These adjustments typically aim to address high-turnover, hard-to-fill positions, or positions with salaries significantly below market rates. Agencies should annualize positions and reconcile salaries and benefits in the Base Budget.
- **Enrollment/Population Changes** – For use when proposing increases to respond to changes in enrollment or the population currently served in public schools, community colleges, the University of North Carolina System, prisons, North Carolina’s Medicaid and Health Choice programs, State and County Special Assistance, or the Foster Care and Adoption Assistance program. With respect to 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 WS-II should reflect FY 2024-25 enrollment growth above the level budgeted for FY 2024-25 in SL 2023-134..
  - Initial enrollment expansion requests are understood to include preliminary projections. To include the most current information in the final budget, agencies, such as DHHS, DPI, NCCCS, and UNC should provide OSBM with updated enrollment cost data by March 1, 2024.

**Special Note for the Department of Public Instruction (DPI):** The State Board of Education and DPI shall issue planning allotments to LEAs after OSBM approves enrollment data.

- **Information Technology** – For use with requests that have a significant IT component. New IT requests should follow the instructions listed in the [Information Technology Job Aid](#).
- **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 program phase-in where applicable. This type of request involves expanding the range and quality of services provided through a program, not meeting cost increases necessary to maintain the current level of services.

Selecting “**Increase EZ**” (WS-II-EZ) from the “Worksheet Type” menu generates the following 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*. This includes requests 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 includes requests for programs or activities that federal funds previously supported that other receipts or General Fund appropriations would now support.
- **Internal Service Adjustment** – For use when requesting adjustments due to internal services rate changes such as motor fleet management, DIT, or Correction Enterprise (printing, framing, etc.).

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- **Inflationary Increases** – For use when providing the current level of programs and services necessitates additional funding due to inflation and other cost increases. This includes costs associated with owning and operating state facilities that inflation or other economic conditions may cause to increase, such as expenditures for 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, such as food, drugs and medical supplies, library books and periodicals, K-12 textbooks and instructional supplies, and gasoline. Agencies may request adjustments to increase funding for specific accounts based on actual expenditures in recent years and anticipated rate changes in FY 2024-25.
- **Documented Contracts or Licenses for Software and Equipment** – For use when continuing agency maintenance contracts for equipment or software or software licenses require more than \$10,000 in additional funding. For requests of \$10,000 or less, agencies should work with their OSBM Budget Development and Execution analysts to find existing funds within their budgets.
- **Lease Increases** – For use when requesting additional funding to support increased lease rates.
- **Operating/Building Reserves** – For use when requesting operating funds for capital projects scheduled for completion during FY 2024-25. Agencies should include any new programs, activities, or expansion of existing programs and activities associated with capital projects on a separate Expansion Budget Request. Agencies must request the total estimated operating costs for each year in a reserve account (5371AA) and must attach a detailed account breakdown of each reserve to the corresponding WS-II-EZ. The attachment should include the estimated completion date of the facility that the [Office of State Construction](#) provided, the number of positions required, the proposed classification of each position, and other operating costs. Positions requested through reserves follow the same rates listed below in the Positions Tab section.
- **Vehicle/Equipment Replacement** – For use when requesting vehicle or equipment replacements. May include replacement of department-owned licensed motor vehicles, including cars, vans, trucks, jeeps, ambulances, buses, etc. Agencies should refer to the [Vehicle Term Contracts](#) on the [Division of Purchase and Contract](#) website to determine purchase and trade-in amounts for replacement vehicles based on the vehicle and accessory type. Agencies must include the total vehicle purchase price in the appropriate line item. They must also budget estimated sales proceeds for the used vehicle as “sale of surplus property” receipts. OSBM primarily considers age, purchase year, mechanical condition, and annual repair/maintenance costs for these requests.

**Note:** New equipment or vehicle acquisition associated with program expansions or new programs belong in those respective request types and not under this type.

Selecting “**Decrease**” from the “Worksheet Type” menu generates the following Request Types:

- Change in budgeted receipts/fees or other revenue,
- Enrollment/population served,
- Other reduction,
- Program elimination, and
- Program reduction.

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### **THE BASIC INFORMATION TAB** *(required for both WS-II and WS-II-EZ)*

- **Priority** – Assign a priority ranking among the agency’s operational budget requests. All requests must have a unique priority ranking, with “1” indicating highest priority, across the entire department. Requests should not be ranked by division or another sub-category.
- **Recurrence** indicates whether the item is Recurring or Nonrecurring. An item with both a recurring and nonrecurring component requires two WS-IIs, one recurring and one nonrecurring.
- **Worksheet Type** indicates whether the request is an increase or a decrease. Select either “Increase” or “Decrease” in the Create Request menu.
- **Request Type** requires an agency to categorize the request using the drop-down menu. See above guidance on selecting the request type.
- The **Title** of the Request for which the WS-II is prepared should include enough specificity to identify the request. If a request contains both a recurring component and a non-recurring component, please add “-R” or “-NR” to the title of each request, respectively.
- **Capital Improvement Project:** If there is a capital improvement project associated with the change request, you will be prompted for further information regarding the project. Contact the OSBM Capital Development Analysts with 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\(c\)](#): 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 2024-25 through 2029-30; and 3) the additional annual estimated cost of the space requirements for those years.
- **IT Component Requirements:** Indicate if this request has an IT component.
- **Affects Another State Agency or Local Government:** Indicate if this request impacts another state agency or local government. If “Yes” please list the agency/government.
- **Requires Special Provision:** “Yes” will require a description of the provision and statute or session law references.
- **Ties to Agency Strategic Plan:** 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:** *(required for WS-II-EZs and WS-IIs for decreases only)*

This year, only WS-II-EZs and WS-IIs for budget reductions will answer narrative questions directly in IBIS. The WS-II-EZ has only two justification questions. The decreases WS-II includes additional narrative fields to justify requests to reduce funding. The relevant questions and amount of detail required will vary based on the nature of each request. Should a request not need elaboration for a particular prompt, please respond “not applicable” or “N/A” in the text field in IBIS.

**You will not be able to submit a WS-II/WS-II-EZ if each field has not been addressed.**

### **THE JUSTIFICATION DOCUMENTATION FORM:** *(required for WS-II for increases only)*

This year, agencies will answer the narrative questions about most requests for increased funding using the [Justification Documentation form](#) and attach it to the WS-II in IBIS. OSBM invites agencies to direct program staff to complete this documentation to facilitate the request process and reduce the input

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burden on budget staff. Agencies will no longer need to copy and paste responses to narrative questions into IBIS for these requests. **This form is not required for WS-II-EZs or WS-IIs for decreased funding.**

*For all requests*, agencies should clearly and succinctly articulate the problem being addressed, how the request will solve the problem (and why they believe that), and the expected impact. Each proposal should include enough information and documentation to support evaluation of its necessity, desirability, and impacts. Agencies can find more information in the [Evidence Job Aid](#).

Agencies should also use the Narrative Tab in IBIS or the Justification Documentation form to indicate the source and the percentage of funding from each source for positions that multiple sources support.

### **THE POSITIONS TAB:**

The Positions tab summarizes position details including **Budget Fund, Account Group, Salary Grade, State Personnel Classification, Effective Date, Retirement Program, Other Information**, the **FTE** (rounded to third decimal) for FY 2024-25, the position **Annual Salary**, and the **Budgeted Salary** for FY 2024-25. The effective date should be July 1 unless extenuating circumstances necessitate a later effective date (such as positions that would support a facility upon the completion of a construction project). Agencies should consult with their OSBM Budget Development analyst before using an effective date other than July 1.

- Requested Salary Levels (Expansion Requests):
  - Positions subject to the State Human Resources Act: The requested salary level 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.
  - Positions exempt from the State Human Resources Act: The narrative should include a justification of the requested salary.
  - Narrative justifications should thoroughly address 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 narrative questions or justification document.
- Annual Salary Levels (Reduction Requests):
  - The annual salary entered for each position proposed for elimination should reflect the position's current budgeted salary. Consult with your OSBM Budget Development analyst prior to reducing a position by less than the budgeted amount.
- Include retirement and health benefits for permanent state employees who work at least nine months per year and at least 30 hours per week. Please note that the WS-II and WS-II-EZ will roll up the Account Number and title to the Account Group level of detail, so agencies will not enter the different compensation components on the form. Use the following fringe benefits rates when requesting new positions:

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	25.02%
State Law Enforcement Officers Retirement Rate	30.02%
Optional Retirement Rate	14.09%

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Consolidated Judicial Retirement Rate	42.42%
Legislative Retirement System Rate	27.79%
Health Benefits – Active Employees	\$7,557

### **THE BUDGET DETAIL TAB:**

The Budget Detail tab summarizes the total requirements, receipts, and appropriation for the request.

- **Requirements** menu: The Account Number and title are the rolled-up NCFS expenditure Account Number and Account title at the *Account Group level of detail* (e.g., 51XXX). Input the incremental change in funding required to implement the request in the 2024-25 column. Future fiscal year requirement projections should include the incremental change in funding required to continue funding. The purpose of this projection is to show where there is increased future cost to the state as a result of funding the expansion request. (This would not include projecting future legislative salary increases. Include fringe benefits for new positions based on the rates in the table above.
- **Receipts** menu: The Account number and title are the rolled-up NCFS receipt **Account Number** and **Account Title** at the *Account Group level of detail* (e.g., 48XXX). The amounts shown in the FY 2024-25 column reflect the anticipated incremental receipts increase to implement 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 WS-II. 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 other than General Fund appropriations to support their expansion requests.

**Note:** Agencies may complete as many lines as necessary for requirements and receipts. IBIS will compile these lines in the Budget Overview tab.

### **BUDGET OVERVIEW TAB:**

This tab summarizes all requirements, receipts, and appropriations entered in the Budget Detail tab.

### **ATTACHMENTS/REFERENCES**

Each WS-II for increased funding will include at least one attachment: the Justification Documentation with agencies' responses to the narrative questions. Please attach any additional documents that support your expansion request to the IBIS WS-II or WS-II-EZ form. For any data cited in your request, attach supporting documentation identifying data sources and methodologies for collecting and analyzing the data. Agencies should also attach reports and studies cited as evidence in the Justification Documentation or Narrative Tab.