OSBM
OFFICE OF STATE BUDGET AND MANAGEMENT

NC

2022-23
Governor's Budget Development Kickoff

February 9, 2022

Integrity   Innovation   Teamwork
Excellence

Objectives

1. Explain focus and priorities for the Governor's short session budget recommendations

2. Review short session budget process, guidelines, and timeline

3. Answer questions and share knowledge across agencies

Short Session Budget Development

- Prioritize requests that focus on:
  - Delivering critical services
  - Meeting operational needs, and;
  - Achieving high agency and administration priorities

- Continued emphasis on data and evidence

- Align budget requests with Governor's priorities and agency strategic plans

Positioning North Carolina to create new jobs and foster economic growth and recovery

Strengthening our education and workforce development systems to ensure students and jobseekers are prepared for the jobs of today and tomorrow;

Promoting healthier and safer communities

Advancing Equity

Ensuring an effective, accountable, well-run state government
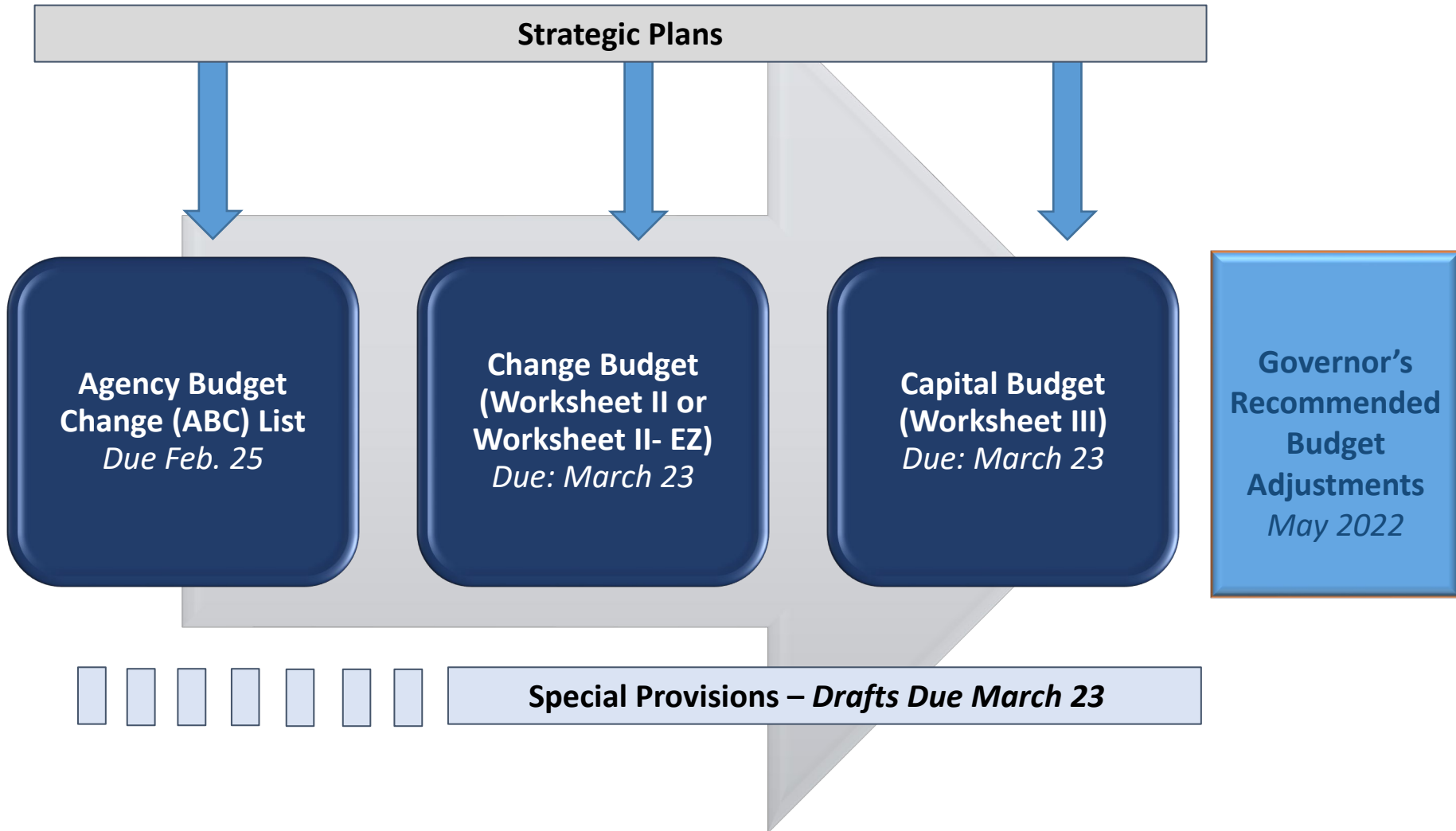
2022-23 Budget Development Key Dates

Due on or before

2022-23 Budget Preparation Key Dates/Deadlines	
Date	**Action**
February 7, 2022	Short Session Budget Instructions Issued
February 25, 2022	Agency Budget Change (ABC) Lists Due
March 23, 2022	Worksheet II's, EZ's, and IIIs, and Special Provisions Due
May	**Governor's Budget Released**

QUESTIONS?

Short Session Budget Development Components

Strategic Plans

Agency Budget Change (ABC) List
Due Feb. 25

Change Budget (Worksheet II or Worksheet II- EZ)
Due: March 23

Capital Budget (Worksheet III)
Due: March 23

Governor's Recommended Budget Adjustments
May 2022

Special Provisions – *Drafts Due March 23*

Step 1: ABC List

Step 1: ABC List Overview

Aims to reduce agency budget workload and streamline the budget development process.

Agencies:

1) Summarize all change, IT, and capital budget requests prior to submitting any Worksheet IIs or IIIs

2) Work with OSBM to determine which requests are viable given constraints

3) Submit selected requests as Worksheet IIs and IIIs accounting for OSBM's guidance

IT Process Changes

IT Project Requests

- Submit all IT project requests, including receipt-supported projects, on the "Change Budget" tab in your agency's ABC List

- **New Process:** Agencies submitting IT requests must complete an **IT Project Survey** to provide detail on each project

    - *OSBM analysts will review the ABC List and survey responses with DIT, potentially contacting agency staff to answer follow-up questions*

    - *<u>Note</u>: The General Assembly, the Administrative Office of the Courts, and the University System are exempt from this requirement*

ABC List Template

Instructions for Budget Request Tabs

1 This form is for your initial submission of change and capital budget requests.

2 Please enter all change budget requests into the Change Requests tab, all capital requests into the New Capital Requests tab, and all R&R requests into the R&R Requests tab.

3 Include all requests regardless of budget code or division/ program on the appropriate tab. **For example, do <u>NOT</u> create new tabs for Change Requests for each budget code. Include all change budget requests on the single Change Request tab.**

4 A description of the columns captured on each tab is provided below.

Column	Description
Columns to be Completed on All Tabs	
Budget Code	Provide the budget code for the request. Include all budget codes in your BRU (Agency) on one tab.
Division/Program	Provide the Division or Program for the request.
Priority	Priority Ranking - determined by Agency/Department.
Request Title	Brief title for the request.
What is being requested?	Provide a short description of the request. A sentence or two should suffice.
Why is this needed? If request is a Legislative Mandate, please list Citation.	Provide a brief justification for this request, including any data to support it and if it is supported by evidence/research. Up to three sentences should suffice.
Is a Special Provision needed?	Indicate if a special provision to authorize the requested activity is needed or not. If you are unsure, select that option from the drop down.
Agency Goal	Indicate which of the agency's strategic goal(s) this request addresses.
Change Request Columns	
Governor's Priority	This column may be used to indicate which of the Governor's priorities is met by this request.
IT Project	Use the drop down box to indicate if the request is an IT project. If you marked "Yes" or "Unsure," please respond to the IT Project Survey linked atop the column in addition to completing the Change Request tab's prompts. The General Assembly, the Administrative Office of the Courts, and the University System do NOT need to respond to survey.
R or NR	Indicate if this request if recurring (R) or nonrecurring (NR).
Capital Request Columns	*These categories are based on the capital improvement needs criteria outlined in G.S. 143C-8-3.*

All capital budget requests for the 2021-23 biennium should be entered in the ABC List. However, if a Worksheet III was entered last year for a request in the 2019-21 budget development process, it does not need a new Worksheet III entry. Only complete new Worksheet IIIs if a request is new for the short session or if costs for the project have changed.

Federal or State Mandate	Indicate if this request is due to a federal or state mandate?
Health & Safety	Indicate if this request is to address health and safety considerations?
Needed for Gov't Services	Is this project needed in order to continue existing or provide new government services?
Extend Useful Life	Will this project extend the useful life of the building?

Instructions | Change Requests | Capital Requests | R&R Requests | ⊕

Step 2: Worksheet II/Worksheet II-EZ/ Worksheet III

Step 2: Worksheet II, Worksheet II-EZ, and Worksheet III

- All final change requests must be submitted in IBIS via Worksheet II, Worksheet II-EZ, or Worksheet III.

- Worksheet II and Worksheet II-EZ forms are for operating and IT requests.
  - Worksheet II-EZ is for less complex requests.

- Worksheet III forms are for capital and repair and renovation requests.

- **All Worksheet II, II-EZ, and IIIs are due March 23, 2022.**

Worksheet II and Worksheet II E-Z (Operating & IT)

Worksheet II	Worksheet II-EZ
• Compensation & benefits • Enrollment/population change • Information Technology • New vehicles or equipment • New program or program expansion	• Inflationary increases • Internal service adjustments • Increases to software licenses and maintenance contracts • Building reserves • Adjustments to administrative operations • Lease increases • Vehicle or equipment replacement

Worksheet III (Capital and Repair & Renovation)

- OSBM does not anticipate significant additional capital availability for 2022-23.

- Required for all General Fund and receipt-supported capital projects.

- New buildings, full building renovation, land purchases, and repairs & renovations should be part of the six-year Capital Improvement Plan (FY 2021-27).

- OSBM will prioritize capital requests for the following in FY 2022-23:
  - Items that did not receive capital funds in the first year of the biennium.
  - Requests for inflationary adjustments, backed up by evidence a) that there is no increase in project scope and b) of attempts to make adjustments to live within current budget constraints.

Worksheet III (Capital and Repair & Renovation)

- Agencies should explain why proposed projects are a priority:

  Critical criteria
  - Mandated by Federal or State law
  - Health & safety considerations
  - Timing

  Strategic criteria
  - Advances the Governor's and Agency's strategic goals and objectives
  - Addresses increased relevant populations and/or services
  - Operational benefits
  - Cost-benefit / finance / economic considerations
  - Environmental or historic preservation

- All requests over $100,000 must have an OC-25 Cost Estimate certified by the State Construction Office.

Special Provisions

- Draft special provisions are due by **March 23, 2022**

- When a special provision might be needed:

  - To guide new programs

  - To improve existing program operations

  - To clarify or streamline reporting requirements

- A summary form must be submitted with all proposed Special Provisions

  - Forms indicate why a provision is needed and require confirmation of agency general counsel review

QUESTIONS?

Best Practices for Building A Business Case

| Define the problem/need | Describe your solution | Detail expected benefits/challenges | Discuss plans for measuring success |

Data and Evidence

1. Define problem/need

- Describe critical needs, undesirable outcomes or program constraints

- Document impact on workload or service delivery

2. Describe your solution

- For program expansion, use existing data to describe current state

- Review cost estimates and explain how arrived at estimates

- Use best practices or research evidence to describe why this solution and not alternative solutions

3. Detail expected benefits

- For program expansion, review current outcomes and discuss anticipated changes

- Explain why this request will result in the expected outcomes:
  - Research evidence
  - Program evaluation findings
  - Analysis of internal or external data
  - Industry standards or best practices
  - Professional judgement
  - Successful implementation in other state(s)

4. Discuss Plans for Measuring Success

Building Your Business Case

Type of Request	Type of Data/Evidence to Build Business Case
Funding needed due to waitlist, increase in demand, and/or increasing population being served/eligible	Statistics/data on population changes, waitlist numbers, change in program demand
Funding needed due to change in cost for providing the same service	Historical cost data
Funding needed to help with staffing	Estimates on caseload numbers, time tracking/workload estimates
New program	Evidence on the program's effectiveness or explanation on how the program is expected to achieve its goal(s)

Sources of Data and Evidence

Data

- Administrative data
- Program performance and monitoring data
- Surveys and focus groups (internal and customers)
- Other government entities
- Trade associations
- Professional membership organizations

Evidence

- Program evaluations
- Research and clearinghouses

Agency A is requesting 75K for one new application specialist.

Possible Data Points:

- Due to a change in law and growing program demand, Agency A is expecting an increase of 50 applications per week in FY 2022-23.
- Agency A completed an analysis of current staff who processed applications over one month and of the five current staff, each staff processes an average of 50 applications per week.
- Without the additional FTE, Agency A won't be able to meet the program requirements.
- Similar positions are budgeted at $75K.

Things to Keep in Mind

- Incorporate data and evidence throughout your business case

- Stick to data and evidence that is relevant and generalizable

- Consider the quality when choosing which data and evidence to include - ensure data is of sufficient quality to be reliable

- Avoid only considering data and evidence that support your assumptions

- Be transparent in discussing any limitations of data and evidence

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Resources

- FY 2022-23 Budget Instructions
https://www.osbm.nc.gov/budget/budget-instructions/budget-development-instructions

- ABC Template
- Job Aids
  - New Capital Requests
  - Repairs and Renovations Requests
  - IT Requests
  - Expansion Requests
  - Reduction Requests
  - Special Provisions
    - Special Provision Submission Form

https://www.osbm.nc.gov/budget/budget-instructions/job-aids

QUESTIONS?

Stay in touch!

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