

Instructions for Preparation of the 2009-11 Recommended State Budget



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1. INTRODUCTION

The State of North Carolina appropriates operating and capital funds on a biennial, or two year, cycle. An approved budget includes annual amounts for each of the two fiscal years that make up the biennium. Each biennium is referenced by an odd-numbered beginning year and an odd-numbered ending year. For example, the “2009-11 biennium” covers the period from July 1, 2009 through June 30, 2011, and includes fiscal years 2009-10 and 2010-11. Actual biennial budget preparation begins in even-numbered years.

The legislative session convenes for the upcoming biennial budget cycle in January 2009. During this “long” session, the General Assembly will consider the Governor’s recommended budget, as well as other changes presented for legislative review. Following legislative review, a two-year budget will be approved by the General Assembly and certified by the OSBM in the summer of 2009.

The operating and capital budgets for the second year of a biennium are adjusted in a “short” legislative session. This process allows the Governor and General Assembly to take into account revenue fluctuations, salary increases, and emergency items. Traditionally, the second year adjustments occur in May and June of even-numbered years.

Upon receipt of budget requests from departments and agencies, OSBM reviews the requests in preparation of the Governor’s recommended budget. In accordance with the [State Budget Act](#), the recommended budget for 2009-11 will be finalized and released to the new Governor-elect on December 15, 2008. At that time, the Governor-elect will review and finalize the recommended budget. Then, the new Governor will present the recommended budget to the General Assembly on the date of the State of the State Address early in the legislative session.

[Section 2](#) highlights important information in preparing your agency’s biennial budget as well as new items incorporated in this budget cycle. [Section 3](#) provides a timetable of important dates and deadlines. A glossary of budget terminology is included in [Section 9](#).

Departments and agencies should use the following budget instructions in preparing 2009-11 biennial budget requests for submission to the Governor as Director of the Budget.

Questions related to budget preparation should be referred to the [appropriate budget analyst](#) in the Office of State Budget and Management (OSBM).

2. HIGHLIGHTS AND WHAT'S NEW

2.1 Results-Based Budgeting Update

Results-based budgeting (RBB) was introduced during the development of the 2007-09 budget to encourage more efficient and effective government and to solidify a budget process that emphasizes performance and accountability. RBB uses a practical and common sense approach that communicates why state government agencies exist, what work is performed and how well, and the amount of resources that are devoted to services.

The goals of results-based budgeting include:

- Establishing a framework emphasizing strategic decisions that contribute to the goals of each agency and the Governor's agenda
- Promoting accountability and transparency across state government by making it clear why agencies exist, what work is performed, how much services cost, and how well work is performed
- Improving the budgetary process by integrating a broader range of information into the resource allocation debate
- Developing longer-term planning that focuses on continual assessment and improvement

During this budget cycle, RBB has preceded the development of the continuation budget - to encourage agencies to develop deeper analysis of their work, and to inform the budget development process by strengthening decision-making. Agencies need to document why they exist, show what they are striving to accomplish, and demonstrate results. Allocating resources based on what was done in the past no longer stands as adequate justification for budgetary decisions. Those budgetary decisions need to align with a forward-looking, strategic direction. The RBB information developed by agencies should serve as the strategic foundation for agencies' budget requests.

For the 2009-11 budget process, agencies need to submit actual cost and FTE data for the services identified for each fund, as well as data for key agency indicators and performance measures. The expansion process now includes a greater emphasis on RBB, and priority consideration is given to expansion requests that clearly support agencies' goals and demonstrate a positive impact on key agency indicators and performance measures. Additional information on providing the required data and justification information is included in Section 4 of these instructions.

2.2 Important Information for Budget Preparation and Changes from Last Biennium

- OSBM uses on-line systems for preparing the Governor's budget. Go to http://www.osbm.state.nc.us/budget_systems.html to access the web-based version of the state's budgeting system.
- Agencies access all copies of Worksheet I information, RK314 reports, and PM739 reports through their desktops using the X/TND software and the Budget Preparation System (BPS). Because of this direct access, agencies are not mailed hard copies. To

download the X/TND software, visit the ITS Web site at <http://www.state.nc.us/sysware/>. Contact [your OSBM analyst](#) for copies if problems arise from using X/TND.

- The budget attachment forms presented in these instructions, except for those generated by BPS, are available as Excel files. The files can be downloaded over the Internet at <http://www.osbm.state.nc.us>
- The updated [Schedule of Approved OSBM Inflation Factors \(Attachment 5-9\)](#) will be sent separately and will be available on **August 18, 2008**. Inflationary rates approved by OSBM may be applied to the following items in the continuation budget:
 - water and sewer,
 - electricity and natural gas,
 - food,
 - drugs and medical supplies,
 - library books and periodicals,
 - subsistence, and
 - gasoline and fuel oil.

Increases for clothing, telephone service, and textbooks and educational supplies (K-12 schools) are considered on a case-by-case basis, provided the agency can sufficiently document the increase.

- The sum of an agency's appropriation expansion requests may not exceed 5% of the agency's 2008-09 certified appropriation (as reflected on the BD307), unless the agency receives prior written approval from OSBM. Account detail for each expansion request must be at the six-digit level.
- The [Survey of Fees Report](#) is part of the budget preparation process. Instructions about the collection of information for the fiscal year ending June 30, 2008, are forthcoming.
- Due to the new BEACON HR/Payroll System, there are changes to the way that salaries and positions are reconciled between the budget systems and BEACON. See [Section 5.2d](#) for detailed instructions.
- Per Article 8 of the [State Budget Act](#), capital projects funded solely with receipts must now be included in the capital budget passed by the General Assembly. OSBM has created a new Worksheet III to address this requirement. See [Section 8.2](#) for more information.
- The submission of block grant plans and special provisions will be more closely aligned with the expansion budget process this biennium. Specifically, the due date for both items is **November 14, 2008**. This is the same date expansion budget requests are due.
- Funds necessary to support a transfer to statewide management agencies are an allowable adjustment in the continuation budget. See [Section 5.2c.14](#) for more information.

- The final budget package submitted to your OSBM analyst will be made up of:
 - 2 HARD COPIES of Worksheet I information and relevant attachments;
 - 2 HARD COPIES of Worksheet II information; and
 - electronic data submissions including:
 - continuation budget schedules and attachments,
 - expansion attachments,
 - special provisions,
 - block grant plans,
 - appropriate IT attachments, and
 - RBB data in the RBB system.

Refer to each section to determine the details about required elements. Capital items are submitted electronically as a separate package to the Capital Section of OSBM. Agencies may use the table in [Section 3.2](#) as a quick reference for due dates and the corresponding elements for each section.

3. WHAT'S DUE

3.1 Timetable for the 2009-11 Budget Preparation Process

July 2008

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Agencies reconcile BEACON salaries and position counts to authorized budget for salaries and position counts (and its totals) for June 30, 2008

Detailed 2009-11 budget instructions made available by the Office of State Budget and Management on the website at <http://www.osbm.state.nc.us/BudgetInstructions.shtm>

OSBM generates RK314 report listing all two-year type 11, 12, and 14 budget revisions. Report posted in X/TND.

PM739 report, with effective date of June 30, 2008, posted in X/TND. Legislative Salary Increase effective July 1 is included.

Agencies enter actual position counts into BPS using Function 7.

August 2008

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

2008 Legislative Session budgetary actions certified by OSBM, and the Budget Preparation System (BPS) updated. BPS data transferred to NCAS, including 2008-09 budget revisions and 2008 Legislative Session's actions.

August 11, 2008: All actions to reconcile and realign salary reserve are completed.

August 15, 2008: All two-year budget revisions are properly coded for inclusion or exclusion in Worksheet I.

August 18, 2008: Preliminary *Worksheet I's* for continuation budgeting are created in BPS and accessed by agencies using X/TND. An updated [Schedule of Approved OSBM Inflation Factors \(Attachment 5-9\)](#) will be sent to agencies.

September 2008

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Agencies work on Continuation budget ([Section 5](#)) and Expansion items ([Section 6](#)).

October 2008

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Agencies/OSBM analyst negotiate Worksheet I adjustments through end of October. Reconciliation of Position Counts and Budgeted Salaries verified by departments, submitted to OSBM.

October 10, 2008: All Capital Improvement budget items due into OSBM ([Section 8](#)).

October 17, 2008: Results-Based Budgeting (RBB) data for service analysis, key agency indicators and performance measures entered into the RBB system ([Section 4](#)).

October 31, 2008: All 2009-11 Continuation items due to OSBM. Agencies required to submit two hard copies of the Worksheet I document. Agencies also required to submit supporting attachments electronically ([Section 5](#)).

November 2008

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

November 14, 2008: FY 2009-11 Expansion items (Worksheet IIs) due to OSBM ([Section 6](#)).

November 14, 2008: FY 2009-10 Block Grant Plans and FY 2009-11 special provisions due to OSBM.

November 14, 2008: Information Technology expansion items due to ITS and OSBM ([Section 7](#)).

December 2008

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

December 15, 2008: Governor finalizes the 2009-11 budget recommendations for the new Governor-elect.

January 2009

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

General Assembly convenes.

3.2 Summary of Items to Submit to OSBM

Required Submissions for the 2007-09 Recommended State Budget

Agency Submissions and Due Dates to OSBM	Where to Enter Data	Where to Find Instructions
Capital Improvement Budget <i>All items due October 10, 2008</i>		
Worksheet III-C Summary (Prioritized List of all Capital Budget Requests)	Excel Worksheet	Budget instructions (Section 8)
Worksheet III-C Capital Budget Request (For General Fund Supported Requests)	Excel Worksheet	Budget instructions (Section 8)
Worksheet III-NGF Capital Budget Request (For non-General Fund Supported Budget Requests)	Excel Worksheet	Budget instructions (Section 8)
Worksheet III-R Summary (Prioritized List of all R&R Requests)	Excel Worksheet	Budget instructions (Section 8)
Worksheet III-R Repair & Renovations Request (For Every R&R Request)	Excel Worksheet	Budget instructions (Section 8)
OC-25 (For Each Capital Budget and R&R Request \$100,000 and Greater)	PDF File or Word Document	Budget instructions (Section 8)
FCAP Report (Pertinent Pages for R&R Requests in the 2007-2009 Biennium)	PDF File or Word Document	Budget instructions (Section 8)
Results-Based Budget Data (RBB) <i>All items due October 17, 2008</i>		
Key Agency Indicators	Web Form	On web application (http://data.osbm.state.nc.us/rbb) and budget instructions (Section 4)
Service Analysis	Web Form	On web application (http://data.osbm.state.nc.us/rbb) and budget instructions (Section 4)
Performance Measures	Web Form	On web application (http://data.osbm.state.nc.us/rbb) and budget instructions (Section 4)

Continuation (Base) Budget <i>All items due October 31, 2008</i>		
Summary of Total Continuation Budget Requests by Department	Excel Spreadsheet	Budget instructions (Section 5)
Worksheet I – Summary by Purpose; Summary by Account; Fund Detail; Position Count; Reconciliation of Requirements, Receipts, and Appropriations; Reconciliation of Position Counts and Budgeted Salaries	Budget Preparation System (BPS)	Budget instructions (Section 5)
Explanation of Increases / Decreases Schedule (Attachment 5-1) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Equipment Purchase Schedule (Attachment 5-2) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Motor Vehicle Purchase Schedule (Attachment 5-3) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Other Vehicle Purchase Schedule (Attachment 5-4) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Format for Building Reserve (Attachment 5-5) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Lease Schedule (Attachment 5-6) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Inflationary Schedule (Attachment 5-7) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Gasoline Schedule (Attachment 5-8) – If Applicable	Excel Spreadsheet	Budget instructions (Section 5)
Expansion Budget <i>All items due November 14, 2008</i>		
Summary List of Expansion Budget Requests (Attachment 6-1)	Excel Spreadsheet	Budget instructions (Section 6)
Worksheet II Expansion Budget Request (Attachment 6-2) – One Form For Each Expansion Request	Excel Spreadsheet	Budget instructions (Section 6)
Business Case Documents for Equipment Lease or Installment Purchases (Attachment 6-3)	Excel Spreadsheet Word Document	Budget instructions (Section 6)
Information Technology <i>Due November 14, 2008</i>		
IT (Information Technology) IT Expansion Request	PPM Tool Web Form	Budget instructions (Section 7)
Additional Information		
Special Provisions – <i>Due November 14, 2008</i>		
Block Grant Plans – <i>Due November 14, 2008</i>		
Fees Information – <i>Due TBD</i>	Web Form	OSBM Budget Memo – Forthcoming

Notes:

- 1) Requesting a Continuation (Base) Budget is mandatory; therefore, agencies will submit the necessary Continuation (Base) Budget information listed above for all Governmental and Proprietary budget codes.**
- 2) The submission of Results Based Budgeting information is mandatory for a subset of Governmental and Proprietary budget codes. Contact your OSBM analyst for more information.**
- 3) Requesting additional appropriations for Expansion and Capital Budget projects is optional. All forms listed above are required only if the agency makes an Expansion or Capital Budget request.**
- 4) All forms (with the exception of Capital) must be submitted in paper form as prescribed in the Budget Instructions (see each respective section for number of copies and any additional requirements for electronic submissions) by the due dates indicated.**
- 5) All Capital Improvement Budget Forms must be submitted electronically via CD-ROM or email.**

4. RESULTS-BASED BUDGETING ELEMENTS

4.1 Results–Based Budgeting Overview

Agencies should use OSBM's Web-based forms located at <http://data.osbm.state.nc.us/rbb> to complete the Results-Based Budgeting (RBB) data elements listed below for the 2009-11 biennial budget process. Final RBB information is due by **October 17, 2008**. Notify your OSBM analyst when information is complete and ready for OSBM review. Additional guidelines on these elements can also be found in the RBB instructions issued November 16, 2007 (http://data.osbm.state.nc.us/source/RBB_instruc_0911.pdf).

4.2 Instructions for Submitting Results–Based Budgeting Elements

Service Analysis allocating 2007-08 actual requirements and FTEs for each service statement.

- Actual requirements should be allocated using the methodology agreed upon with your OSBM analyst.
- The FTE identified for each service should include staff supporting the service function, as well as positions that are vacant or were vacant for part of the year.

Key agency indicator and fund-level **performance measure data** for three fiscal years (2005-06, 2006-07, and 2007-08).

- For previously reported measures, verify that historical data are complete and accurate and provide data for 2006-07 and 2007-08. For newly reported measures, provide all available historical data.
- If data are not available for all three years, data must be entered for the most recent year (2007-08) in order for the indicator/measure to be printed.

All other RBB requirements should have been completed by **June 27, 2008**, as specified in the [RBB instructions](#) issued in November 2007. If any revisions to the completed elements are requested, submit the proposed revision and an explanation for the change to the appropriate OSBM analyst.

5. CONTINUATION (BASE) BUDGET

The continuation budget provides the funding necessary to continue the existing, authorized level of services for each year of the biennium. Continuation budget requests for 2009-11 are based on the authorized budget for 2008-09, and may be adjusted (increased or decreased from the authorized budget) through the continuation budget Worksheet I process to

- more accurately reflect anticipated levels of expenditures and receipts,
- include allowable adjustments, including inflation, and
- include other adjustments required in certain programs, such as Medicaid and enrollment growth.

Two hard copies of the requested 2009-11 continuation budget are due to OSBM by **October 31, 2008**. Worksheet I and its multiple parts are submitted. Attachments, when applicable, must also be submitted to OSBM. In addition to hard copy, all attachments must be submitted electronically in Excel format using Excel versions 2003 and earlier. The [Checklist for 2009-11 Continuation Budget Requests](#) in Appendix 5-1 is provided to help assemble the final request in the correct order for submission to OSBM. OSBM budget analysts are available to assist departments/agencies in the steps to develop Worksheet I.

The **WORKSHEET I** package includes:

- [Checklist for 2009-11 Continuation Budget Requests](#)
- **Summary of Total Continuation Budget Requests by Department** [\[sample\]](#) – manually prepared based on final BPS generated Worksheet Is, this worksheet provides a total request for the department.
- A Final **Worksheet I** for each budgeted code, which includes the following parts:
 - Summary by Purpose [\[sample\]](#)
 - Summary by Account [\[sample\]](#)
 - Detail Request [\[sample\]](#)
 - Position Count [\[sample\]](#)
 - Reconciliation of Requirements, Receipts, and Appropriation [\[sample\]](#)
 - Reconciliation of Position Counts and Budgeted Salaries [\[sample\]](#)
- Applicable **Attachments**, as follows:
 - [Attachment 5-1 Explanation of Increases and Decreases](#)
 - [Attachment 5-2 Equipment Purchase Schedule](#)
 - [Attachment 5-3 Motor Vehicle Purchase Schedule](#)
 - [Attachment 5-4 Other Vehicle Purchase Schedule](#)
 - [Attachment 5-5 Building Reserves](#)
 - [Attachment 5-6 Lease Schedule](#)
 - [Attachment 5-7 Inflationary Schedule](#) (All items except gasoline/fuel)
 - [Attachment 5-8 Inflationary Schedule for Gasoline and Fuel](#)

5.1 Worksheet I Overview

Preparing Worksheet I is an iterative process. It begins with an initial Worksheet I document that captures data in the current authorized budget, and is used to begin analyzing the authorized budget for extension or “continuation” for the two years of the biennium under request, in this case 2009-11. Agencies work with OSBM to determine appropriate adjustments to the

authorized budget and to the adjustments columns of Worksheet I, after analysis and deliberation.

Worksheet I (WSI) is the basic form used in preparing 2009-11 continuation budget requests. Worksheet I is generated from the Budget Preparation System (BPS) and has multiple parts:

- *Summary of Total Continuation Requests by Department* - A component of the Worksheet I final submission to OSBM. It is NOT a BPS-generated form, and is prepared manually by the agency when all BPS WSIs are finalized. Provides a grand total of requirements, receipts, appropriations, FTE, and (if applicable) changes in fund balances recommended for all budgeted codes in a department.
- *Summary by Purpose* – Summarizes total requirements and receipts for all funds in a budget code.
- *Summary by Account (Object)* – Summarizes accounts across all funds to show a total of each expenditure and revenue account for a budget code.
- *Detail Request* – Level at which budget is prepared. Each fund appears with all applicable expenditure and revenue accounts. Detail request data is used to create summaries by purpose and account for each fund.
- *Position Count* – Provides detail of all budgeted positions in a fund code; one sort is shown by fund, and a second sort is shown by funding type.
- *Reconciliation of Requirements, Receipts, and Appropriation* – Explains how the authorized budget in BPS is derived, beginning with the BD307 certified budget, and listing each revision coded to BPS included in the continuation budget. Presented at the budget code level.
- *Reconciliation of Position Counts and Budgeted Salaries* - Constructed to serve the same purpose as the previous reconciliation report. Begins with the certified BD307 budgeted position count and budgeted salaries, then itemizes each revision to the budget that impacts position values and/or salaries. Presented for each fund and salary account.

OSBM generates the first Worksheet I for agencies on **August 18, 2008**. It is populated with prior year actual revenues and expenditures from the June 2008 BD701. It is also populated with certified and authorized budget amounts, which are comprised of the BD307 for 2008-09 plus any budget revisions approved through August 15, 2008 which are not coded “O” to “omit” from BPS. Any revision not coded “O” will be coded “B” by OSBM, indicating the revision has already been included in BPS. Type 11 revisions included in BPS change the certified and authorized budgets. Type 12 and 14 revisions included in BPS impact the authorized budget column only.

In the budget preparation process, the authorized budget is the certified budget (or BD307) plus budget revisions coded “B” by OSBM to be incorporated into BPS. This is different from the authorized budget in the [North Carolina Accounting System \(NCAS\)](#) BD701 report, which begins with the certified budget but includes all budget revisions approved in the fiscal period

(Many revisions to the authorized budget in NCAS are one-time or nonrecurring in nature and are not coded to BPS to become a part of the biennial continuation budget).

OSBM generates a *Reconciliation of Requirements, Receipts, and Appropriation* report from BPS. This form provides the data to explain the requirements, receipts, and appropriations in the certified and authorized budget columns of Worksheet I, listing changes by 606 reference number. The *Reconciliation* report is provided to each department at the same time Worksheet I is furnished.

5.1a Accessing Worksheets

A Worksheet I (excluding the manually prepared *Summary of Total Continuation Requests by Department*) is made available to agencies through the X/TND report management software on **August 18, 2008**. Agencies may view and print the initial continuation budget worksheets at their location on August 18, 2008, by accessing BPS and using the print function 16 to print worksheets by budget code. Subsequent versions of Worksheet I that reflect adjustments and entries to BPS throughout the budget development process may be requested through BPS function 16, and viewed or printed using X/TND.

X/TND software can be downloaded from <http://sccb.its.state.nc.us/sysware/sysware.htm>. Web access to BPS is available at http://www.osbm.state.nc.us/budget_systems.html.

5.1b Budget Codes for Which Worksheet I is Prepared

An initial set of continuation budget Worksheet I documents is provided for each budget code that is classified as governmental or proprietary by the [Office of the State Controller \(OSC\)](#) under [Governmental Accounting Standards Board \(GASB\)](#), and determined by OSBM to be included in the Governor's Recommended Budget. A [list of these budget codes](#) is provided on the OSBM website.

5.1c Explanation of WSI

Upon receipt, review the initial Worksheet I for accuracy, familiarize yourself with each column, and understand and complete the tasks associated with each. Below is a summary.

Column # & Name	What It Is	What You Do
Column 1 – Account	Reflects the line item account or object number from the NCAS Uniform Chart of Accounts	Ensure the fund and accounts numbers are correct. Contact OSBM if corrections are needed.
Column 2 – Title	The account or object title from BPS files for the expenditure and receipt line items.	Make sure titles are accurate and consistent with NCAS title file. Contact OSBM for corrections.
Column 3 – Actual	Reflects actual 2007-08 expenditures and revenues transferred by OSBM from NCAS to the BPS files.	Compare this information to the actual expenditures reported in the certified NCAS BD701 for June 2007-08. It should be identical.
Column 4 – Certified	Reflects the 2008-09 certified budget (BD307) issued by OSBM (incorporates all General Assembly actions impacting the 2008-09 budget) plus Type 11 budget revisions coded to be included in BPS (actions approved by the General Assembly and recurring in nature, typically the distribution of statewide reserves).	Review all two-year Type 11 606s for FY 2008-09 using the RK314 report (on X/TND in July 2008) or Budget Revision System (BRS) function 12 to determine which 606s should be included or omitted from BPS. Jointly determine with OSBM analyst any 606s to OMIT. All other 606s, unless already coded B, will be copied to BPS by August 18, 2008, when the initial WSI will be provided. NOTE: After Aug. 18th, any 606 to be added to BPS must be negotiated with and included in BPS by the OSBM analyst using BRS Function 27. Similarly, any 606 included in WSI in error must be manually omitted by the OSBM analyst also using Function 27, and will reflect code O when successfully omitted. Type 11 606s included in BPS will revise the budget in column 4 (certified) and column 5 (authorized). NOTE: All carry-forward 606s from 2007-08 should be OMITTED from BPS.

Column # & Name	What It Is	What You Do
Column 5 – Authorized	Reflects the 2008-09 authorized budget, which is comprised of the certified budget (BD307) plus Type 11, 12 and 14 budget revisions that are copied to BPS to become part of the biennial continuation budget unless adjusted in columns 6 & 8 of the Worksheet I.	The same process described above is done to determine the authorized budget. Agencies use the RK314 report or BRS function 12 to review all Type 12 and 14 budget revisions to determine if any of the 606s listed in the RK314 report should be eliminated (omitted) from WSI. Unless coded O for omit or B to indicate a 606 has already been added to BPS, 606s will be copied to BPS. After the initial WSI is generated August 18, 2008, it is a negotiated process between the agency and OSBM analyst for the OSBM analyst to include additional 606s or omit 606s currently included in BPS. The authorized column is impacted by all 606s included in BPS – Type 11, 12 and 14. NOTE: All carry-forward 606s from 2007-08 should be OMITTED from BPS.
Columns 6 & 8	These are the Increase/Decrease columns used to make adjustments from the authorized budget in one or both years of the biennial budget under request. The increases or decreases in these columns are added to or subtracted from the amount in the authorized budget to produce the amount of recommended budget in each year.	Enter increases/decreases in these columns in BPS, using either Function 7 or Function 8. See Section 5.4 for detailed instructions.
Columns 7 & 9	These columns represent the budget requested for each year of the 2009-11 biennium. These numbers are calculated by BPS (authorized budget for 2008-09 increased or decreased by the amounts in columns 6 & 8).	

5.2 Worksheet I Instructions

The authorized budget for 2008-09 is the starting point for the recommended 2009-11 continuation budget. Agencies are encouraged to thoroughly analyze and make sure it accurately reflects the base budget, both in total and for each fund.

5.2a Analyzing and Adjusting the Certified and Authorized Budgets (Columns 4 & 5)

Agencies should examine their 2008-09 authorized budgets for opportunities to generate savings or to redirect budgets from over-funded programs or accounts to those which are under-funded. Depending on the magnitude of such adjustments and the extent to which they impact the scope of a program, OSBM may require these adjustments to be submitted as Worksheet II (WSII) adjustments (see [Section 6](#) for details of the expansion process). Review of the authorized budget during continuation budget development allows agencies to identify and report budget overages and deficits that impact the ability to deliver existing programs and services outlined in the budget.

1. Realignments - Agencies are encouraged to realign non-personnel expenditure account lines 5322xx – 535xxx within an operating fund number to reflect more realistic levels of need for 2008-09. A Type 14 budget revision may be included in Worksheet I. Contact the OSBM analyst regarding any 606 that a department would like to request to include in the Worksheet I. Agencies cannot realign accounts for the sole purpose of gaining advantage in continuation budget adjustments.
2. 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.
3. Inter- and Intra-Departmental Transfers - Agencies must balance inter- and intra-departmental transfers. If one fund or agency includes a transfer, the other fund or agency must also include the matching transfer.
4. Carry-Forward 606s - Budget revisions that authorized a carry-forward from 2007-08 into 2008-09 should not be included in the Worksheet I and must be removed or coded “O” to be omitted.
5. Experimental, Model or Pilot Programs - Programs designated as experimental, model, or pilot must be identified as such either in the continuation budget or as expansion budget requests, as appropriate, until a succeeding General Assembly approves them. Agencies with programs designated as experimental, model, or pilot must furnish a list of these programs with line item detail with continuation budget or expansion budget requests.
6. Salary Reserve Realignment - It is essential that the [Salary Control System \(SCS\)](#) in OSBM reflect correct position and salary information as of **June 30, 2008**. Agencies submit budget revisions (BD606) to OSBM to align salary reserve to accurately reflect the annual salary requirements in each operating fund, and to eliminate any negative amounts that exist. Salary reserve realignments should be submitted by **August 11, 2008**. It may be necessary to reduce or abolish positions in some

instances to eliminate negative salary reserve amounts. Agencies are allowed to retain positive salary reserve amounts in the continuation budgets. See [Section 5.2d](#) for full details on personnel related budgeting.

7. Reconciliation - Use the Reconciliation forms generated by BPS to ensure that authorized requirements, receipts, and appropriation are correct.

5.2b Requests for Increases/Decreases in the Continuation Budget (Columns 6 & 8)

Changes in the increase/decrease columns of WSI are added to or subtracted from the 2008-09 authorized budget to produce the amounts in the 2009-10 and 2010-11 budget columns. Adjustments are prepared as BPS entries by appropriate department personnel and submitted to OSBM. Increases or decreases requested in Columns 6 and 8 must be explained on an attached schedule ([Attachment 5-1](#)) that indicates the receipt or expenditure accounts to be adjusted and the reason for the change. Where more than one change is requested for one particular account, show the components of the change in the explanation. Complete a separate schedule for each fund that has changes. The total of the adjustments on the agency prepared schedule must equal the total of the increase/decrease columns of Worksheet I.

5.2c Allowable Budget Adjustments

Allowable adjustments are generally categorized as either inflationary adjustments or other allowable budget adjustments. Adjustments may be requested as increases or decreases to the authorized budget, entered in columns 6 and 8 of Worksheet I, for the following purposes:

1. **Enrollment or Populations Served** – Increases to reflect changes in the enrollment or population currently served by public schools, community colleges, the University of North Carolina System, prisons, and entitlement programs are allowed. In other programs such increases must be requested in the expansion budget. Decreases to reflect reductions in enrollment or populations served in *any* program area must be included in the continuation budget. With respect to the Medicaid program, policy changes are not allowed in the continuation budget and must be considered in the expansion budget process.
2. **Receipt-Supported Activities** – Receipts must be adjusted in the increase/decrease columns to the extent needed to accurately project receipts in the budget years under request. [G.S. 143C-3-5\(b\)\(2\)c](#) requires that the governor's recommended state budget include accurate projections of receipts, budgeted to prior year actual level of expenditure unless the governor's budget recommends changes that cause receipts to differ from the prior year or determines a more reasonable basis for the projection.

If an adjustment to general agency receipts provides additional funds, those funds may be used only to support allowable continuation budget increases. Otherwise, additional general agency receipts are budgeted to reduce state appropriations.

If an adjustment reflects a decrease in receipts, the budget of the program generating the receipts must be reduced. Replacement of reduced or lost receipts must be an expansion budget request. Changes in expenditure accounts supported by receipts require a corresponding change in the appropriate receipt account.

Programs that are 100% receipt supported should make requests for allowable continuation budget adjustments through the Worksheet I process.

3. **Clothing; Telephone Service; Textbooks and Educational Supplies (K-12 schools, including schools in the Department of Health and Human Services and Department of Juvenile Justice & Delinquency Prevention and the N.C. School of Science and Mathematics)** – Increases in continuation requirements are allowed for these items, on a case-by-case basis, provided the agency can sufficiently document the increase. Prior years' actual expenditures and adjustments to 2008-09 budgets made in the 2007 and 2008 legislative sessions must be taken into account in developing continuation requirements. 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.
4. **Personnel-Related Items** – Funds required for longevity pay must be based on the amounts included in the June 30, 2008 PM739 Position Schedule. For UNC campuses, if the PM739 does not include all personnel, detailed documentation must be submitted to support the longevity request. Funds for premium pay, workers' compensation, unemployment compensation, and overtime must be based on the authorized budget. Increases in these accounts may be considered on an individual basis.
5. **Annualization of Programs and New Facilities** – Increases to annualize support in the 2009-11 biennium for programs and new facilities that were funded for only a portion of 2008-09 are allowed. Attach a detailed listing of the request to annualize programs. Attach a spreadsheet in a format similar to [Attachment 5-5, Building Reserve/Annualizations Schedule](#).

Positions requested through reserves in the continuation budget follow the same rates established for positions requested through the expansion (or WSII) process. See the [Expansion section](#) of the instructions for additional details.

6. **Operating Reserves** – Operating costs to make facilities operational and functional are allowed in the continuation budget for authorized capital projects scheduled for completion during the 2009-11 biennium (see Section 8, Capital Budget). Any new programs, activities, or expansion of existing programs and activities associated with capital projects should be a part of the Expansion Budget Request. The total estimated operating costs for each year must be requested in a reserve account (5371AA). A detailed account breakdown of each reserve must be submitted separately, with the estimated completion date of the facility provided by the [Office of State Construction](#), number of positions required, proposed classification of each

position, and other operating costs. A sample schedule for this required detail breakdown is shown in [Attachment 5-5 \[sample\]](#).

7. **Nonrecurring Items** – Nonrecurring or one-time items approved by the General Assembly must be removed from the continuation budget in the increase/decrease columns, including one-time equipment and vehicle purchases included in the 2008-09 authorized budget. For UNC campuses, one-time accreditation expenses included in the 2008-09 authorized budget must be deducted from accreditation expenses requested for 2009-11, and detailed documentation must be submitted to support the request. Agencies should contact their OSBM budget analyst with questions about removal of one-time items.
8. **Replacement of Existing Equipment** ([Attachment 5-2](#))
An equipment schedule is required only when the request is greater than the amount of the authorized budget. Increased funding for items such as office equipment (fax machines, copiers, etc.), furniture, and computers will not be considered in the continuation budget.
9. **Vehicle Replacement** ([Attachment 5-3](#) and [Attachment 5-4](#))
 - a) Licensed Motor Vehicles ([Attachment 5-3](#)) – Replacement of departmentally owned licensed motor vehicles is allowed in the continuation budget. This replacement includes cars, vans, trucks, jeeps, ambulances, buses, etc.

Additions to the fleet are requested in the expansion budget. Purchase and trade-in amounts for replacement vehicles are determined by each department/agency based on the particular type of vehicle and accessories. Refer to the [Vehicle Term Contracts](#) on the [Division of Purchase and Contract](#) web site as a basis for purchase amounts. The total purchase price of vehicles must be included in the appropriate line item. The estimated sales proceeds for the used vehicle must be budgeted as sale of surplus property receipts. Motor vehicles other than those used by law enforcement officers are scheduled for replacement at the time they are expected to have 110,000 miles ([Motor Fleet Management](#) must follow [G.S. 143-341\(8\)i](#)). Requested replacement of vehicles with less than 110,000 miles must have sufficient written justification. Motor vehicles used by law enforcement officers must be scheduled for replacements as follows: Highway Patrol - 70,000; Division of Motor Vehicles - 70,000, and all other law enforcement - 80,000 miles.

Nonrecurring funds approved in the last biennium for replacement of motor vehicles and included in the authorized 2008-09 budget must be removed from the continuation budget. Replacement schedules should be submitted only when there is an increase over the recurring authorized budget.

- b) Other Vehicles ([Attachment 5-4](#)) – Vehicles which are replaced on an irregular basis, such as farm tractors, combines, crawler tractors, drag lines, front-end

loaders, back-hoes and lawn mower type equipment, may be included in the continuation budget. The age, year purchased, mechanical condition, and annual repair/maintenance cost are prime factors in OSBM's consideration of these requests. Requests to replace other vehicles must be for the continuance of the existing programs or services and must not be to expand the capabilities of the facility.

Nonrecurring funds approved in the last biennium for replacement of other vehicles and included in the authorized 2008-09 budget must be removed from the continuation budget. Replacement schedules should be submitted only when there is an increase over the recurring authorized budget.

10. **Statutorily Established Salary Increases** – Salary increases required by General Statute for specified position classifications, such as magistrates, clerks of court, and the Highway Patrol are included in the requested continuation budget.
11. **Building/Office Lease** – A building/office lease schedule is required only when the request is greater than the amount of the authorized budget. Requests for increases in funding related to building/office lease expenses are allowed as documented on [Attachment 5-6 – Building/Office Lease Schedule](#).
12. **Business Case for Lease Purchases and Installment Purchases** – To assist in standardizing the evaluation of purchasing methods, executive branch agencies prepare a business case to evaluate the most beneficial method of acquiring a commodity when considering a lease purchase or installment purchase. The business case includes guidelines, instructions, and templates to ensure conformity for all agencies. The business case accompanies all expansion budget requests involving a new lease purchase and installment purchases. OSBM reviews these business cases as part of the approval process for the expansion budget. Business cases for lease purchases and installment purchases that are already in existence and are a part of the continuation budget are reviewed and maintained with the agency.

See [Attachment 6-3](#) for instructions on submitting current and proposed debt service requirements by lease purchase and installment purchase agreements.

13. **Salary and Fringe Adjustments**

The salary-related amounts reflected in Columns 7 and 9 of the Worksheet I are based on the authorized budget for 2008-09 plus any necessary annualizing of positions (see [item 5](#) above).

Annualizing Salaries on Worksheet I

Positions funded on a recurring basis, but funded for only a portion payable amount in the authorized year, must be annualized for 2009-11.

OSBM generates Position Schedules (PM739) from the June 30, 2008, BEACON database and makes them available through X/TND. These reports are used for

informational purposes only and are not submitted to OSBM with the continuation budget package. The Legislative Salary Increase (LI) effective July 1 is included. These reports do not include new positions authorized by the 2008 Session of the General Assembly or positions included in authorized building operating reserves.

New positions authorized by the 2008 General Assembly are included in the certified and authorized columns of Worksheet I. If positions are effective after July 1, 2008, they should be annualized in the increase/decrease columns. Positions scheduled to be abolished with an effective date after July 1, 2008 must also be annualized.

Annualization Example: A new position is authorized by the General Assembly effective October 1, 2008 at an annual salary of \$47,679. The budget for 2008-09 includes \$35,760 for the position for nine months. The difference between the annual salary of \$47,679 and the nine month (portion payable) salary of \$35,760 is \$11,919. The amount of \$11,919 is the allowable increase for Columns 6 and 8 of the Worksheet I. **Note:** The employer match for both Social Security and Retirement would reflect increases to match the salary increase as well as an annualizing of the employer's share of health benefits.

Agencies are responsible for maintaining accurate and current position salary and position count data. Salaries reflected in BEACON HR System must not exceed the authorized budget plus annualizing of positions. If total salaries in BEACON exceed the authorized budget plus the annualizing of positions, appropriate personnel actions must be taken to adjust BEACON to be within the amounts in columns 7 and 9 of Worksheet I.

Note: Legislative Increases authorized for 2008-09 by the 2008 Session of the General Assembly are reflected in the authorized budget for 2008-09 for all employees whose salaries are paid from general fund appropriations. This includes contracted state employees, whose salaries are paid for by transfer of general fund appropriations from one agency to another.

Note: Any agency that paid LI to contractors or state employees out of operating funds during the 2007-09 biennium may request reimbursement by submitting a detailed schedule documenting these expenses with their 2009-11 continuation budget materials. Going forward into 2009-11, all LI requests should be processed through the LI fund.

Fringe Benefits

Fringe benefit amounts for Social Security and retirement are based on the funds requested in the appropriate salary line items on Worksheet I for 2009-10 and 2010-11 respectively. The amounts for health benefits are based on the authorized position counts for each year.

The fringe benefits rates are as follows:

Social Security: 7.65%

The total combined rate for [Social Security](#) and [Medicare](#) is 7.65%. The Social Security (OASDI) portion is 6.20% on earnings up to the applicable maximum taxable amount (\$102,000 in 2008); the Medicare portion (HI) is 1.45% on all earnings. The PM739 Position Schedule can be used to determine the appropriate amount to include in the continuation budget for Social Security.

Teachers and State Employees Retirement Rate: 8.14%

State Law Enforcement Officers Retirement Rate: 13.14%

University Employees Optional Retirement Rate: 11.46%

Consolidated Judicial Retirement rate: 17.31%

Legislative Retirement System rate: 4.10%

Health Benefits amount - \$4,157 per year; Medicare-eligible \$3,165.

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.

For UNC campuses, detailed documentation must be submitted to support the retirement request.

Note: The Social Security withholding threshold is the current amount.

See [Section 5.2d](#) for full information about the process for budgeting and reconciling salaries and positions in Worksheet I.

14. **Transfers to State Management Agencies** – Funds needed to support transfer from appropriations or other sources to statewide management agencies are an allowable adjustment in the continuation budget. The need for adjustment must be documented in writing, and must be supported by evidence of a rate or billing increase by the state management agency. Examples of this include payments to the [Office of the State Auditor](#) for audit services, to State [Information Technology Services \(ITS\)](#) for subscription charges, and to [Motor Fleet](#) for additional usage or rate increases.
15. **Allowable Inflationary Increases** – Agencies/departments use allowable inflationary increase rates to accurately project budgetary needs created by inflation for the current biennium and to plan for future biennia. The rates are used to develop increases and/or decreases in those items subject to the inflationary factors. The increases and/or decreases computed for the continuation budget are then placed in Worksheet I columns 6 and 8. The procedures listed below outline the steps involved in using inflationary factors. Agencies may not decrease the authorized budget through realignments for line items on which inflationary adjustments are allowed.

Inflation Procedures

[Attachment 5-9](#) shows the allowable inflation factors that may be used by agencies in preparation of the 2009-11 continuation budget, and may be used as appropriate in preparation of expansion budget requests. Inflation factors must be applied to the 2007-08 actual expenditures.

For expansion requests, allowable inflationary increases are provided through 2013-14 in order to estimate the five-year fiscal impact as required under [G.S. 143C-3.5](#). These rates may be used to develop the increases or decreases applicable to the respective items in an agency's budget. In a situation where the rates are clearly not appropriate and a higher rate can be documented, the higher rate may be submitted for consideration by OSBM.

The *Schedule of Approved OSBM Inflation Factors* must be used for computational purposes. Columns 1 through 5 on [Attachment 5-9](#) reflect the compounding of the allowable rates. These are the factors that must be applied to the 2007-08 actual expenditures for the 2009-11 biennium.

Note: The inflation values have been omitted from the *Schedule of Approved OSBM Inflation Factors* in this document. Rates will be provided later in order to use the most current economic data available to produce a sound basis for projecting inflation over the biennium and three years beyond. The schedule is included to provide the list of accounts on which inflation is allowed, for agency planning purposes, and to provide examples of how to calculate inflation for Worksheet I. In the following examples, the inflation factors from 2007-09 are used for illustration. **The inflation values will be provided to state agencies on August 18, 2008.**

Requests for increases and/or decreases in funding related to inflation are considered only when documented on [Attachment 5-1](#).

a) **Food, Drugs, Medical Supplies, Library Books and Journals, Water and Sewer, Electricity, Natural Gas, and Subsistence** ([Attachment 5-7](#))

Columns 1 through 5 on [Attachment 5-9](#) reflect the compounding of the allowable rate increases. In using these sample rates to determine the allowable increases, use the following formula:

$$\begin{array}{r} 2007-08 \text{ Actual X Compounded Rate} \\ - 2008-09 \text{ Authorized Budget} \\ \hline \text{Allowable Change} \end{array}$$

The allowable change is calculated as the amount in Column 3 of Worksheet I, multiplied by the compounded factor in the Schedule of Approved OSBM Inflation Factors, minus the amount in Column 5 of Worksheet I.

Example: To determine the amount of increase allowed for food for 2009-11 when the actual expenditures for food for 2007-08 were \$500,000 and the authorized budget for 2008-09 is \$505,000:

2009-10 over 2008-09

$$500,000 \times 1.046 = \$523,000$$

$$523,000 - \$505,000 = \$18,000$$

2010-11 over 2008-09

$$500,000 \times 1.064 = \$532,000$$

$$532,000 - \$505,000 = \$27,000$$

The amount of \$18,000 is entered in Column 6 for a 2009-10 increase and \$27,000 is entered in Column 8 for a 2010-11 increase in the continuation budget in Worksheet I.

- b) **Gasoline and Fuel Oil:** ([Attachment 5-8](#)) To determine the allowable increase for these items, the projected rate per gallon in the *Schedule of Approved OSBM Inflation Factors* is multiplied by the actual consumption in gallons in the 2007-08 actual year, minus the 2008-09 authorized budget.

Stated as a formula, the gasoline increase would be computed as follows:

$$\begin{array}{r} 2007-08 \text{ Actual Gallons} \times \text{Projected Cost Per Gallon} \\ - 2008-09 \text{ Authorized Budget} \\ \hline \text{Change Amount} \end{array}$$

5.2d Reconciliation of Salaries and Position Counts on Worksheet

The process for budgeting salaries and positions has been significantly impacted for 2009-11 with implementation of the state’s new BEACON Human Resources/Payroll System. There are new reports and steps to ensure that these elements are appropriately reconciled between the personnel and budget systems. The process is described below.

May-June 2008

The agency Salary Control Officer is responsible for reconciling BEACON Human Resources System (referred to in short as “HR” or BEACON) salaries and position counts to the authorized budget for salaries and position counts, and it is especially critical to check the totals for June 30, 2008. Since all agencies, except the universities, have converted from the former [Personnel Management Information Systems \(PMIS\)](#) to BEACON for their HR data, some unexpected changes have occurred. If the accounts were changed during the conversion without processing individual transactions, these adjustments will have to be made to the Salary Control records manually in the HR columns. At any time, the agency can get a BEACON position report called B0149 from the BEACON portal, and this can be used to make sure the Salary Control totals for the June 30, 2008 HR salaries and position counts match the BEACON totals for June 30.

Since major system changes were made to Salary Control functions in July 2007, it is easier to view the budgeted position count and track 606s for specific positions. After the

HR totals are verified with BEACON, compare the HR position count to the budgeted position count in Salary Control. If the totals do not match (Salary Control Function 10), review the detail changes for the year with Salary Control Function 4. If a change was made in PMIS/BEACON that was not documented with a BD606, consult the appropriate OSBM analyst to determine if a new 606 can be approved. If not, an adjustment in BEACON is required.

After the position counts are equal, compare the HR annual salaries with the annual budgeted salaries in Salary Control to ensure that the budget is equal or greater than the HR salary obligation. If it is determined that the agency neglected to send in a BD606 and the OSBM analyst agrees to approve the BD606 to document the HR salary, that can be done before the agency closes out the 2007-08 fiscal year; otherwise, the positions in BEACON must be reduced to make the salary obligations equal or less than the annual authorized budget.

July 2008

After the June 30, 2008 position counts are finalized, those are entered into BPS with Function 7, to be part of the actual column of Worksheet I. This is required by fund and account for all budgeted codes that have positions.

July-August 2008

After the Legislature approves the Appropriation Bill, the 2008-09 budget is certified by OSBM, and all changes to the budgeted salaries or position counts are identified and documented in BPS and shown on the BD307 report.

If the Legislature approves an across-the-board salary increase for 2008-09, a Legislative Increase Transmittal will be provided by BEACON or PMIS. OSBM will prepare a Position Schedule based on the June 30, 2008 salaries with the Legislative Increase added. This is a backup document for the Worksheet I but it may not match the Worksheet I salaries exactly if new positions or reorganizations are entered into BEACON after the LI is calculated.

Using data from BEACON/PMIS, OSBM produces a statewide Position Schedule similar to the one produced from PMIS in the past.

August 2008

The RK314 list of BD606 budget revisions for 2008-09 is reviewed through X/TND to mark any one-time adjustments with the code "O". BRS Function 5 is used to change processing codes on an approved BD606 document. Some BD606s were copied into BPS in April for the short session budget process, and these have a processing code of "B". Before the initial Worksheet I for 2009-11 is produced by OSBM, OSBM copies into BPS any 606s for 2008-09 that do not have the code "O" or "B".

September-October 2008

After the 2008-09 budget is certified by OSBM, the Worksheet I and Reconciliation Report for the 2009-11 can be requested with BPS Function 16 and viewed through

X/TND. The certified/authorized columns of Worksheet I should include the budgeted salaries and position counts in the BD307 for July 1, 2008 plus the distribution of statewide reserves, reorganizations directed by the General Assembly and other permanent budget revisions authorized by OSBM. The BD307 may cause the position counts to be increased or decreased from the June 30, 2008 totals. The same detail transactions in BPS are sorted by line item to produce the Worksheet I report and sorted by reference number to produce the Reconciliation Report.

If the General Assembly funds positions with an effective date after July 1, 2008, the positions should be annualized by entering the difference in the increase columns.

If there is any movement of positions or salaries between budget codes, the BD606s for both budget codes must be included in the Worksheet I.

5.3 Continuation Budget Attachments and Appendices Attachments

- **Completed Worksheet I (submit 2 hard copies)**
 - WSI - Summary of Total Continuation Budget Requests by Department [[sample](#)]
 - WSI - Summary by Purpose [[sample](#)]
 - WSI - Summary by Account [[sample](#)]
 - WSI - Detail Request [[sample](#)]
 - WSI - Position Count [[sample](#)]
 - WSI - Reconciliation of Requirements, Receipts, and Appropriation [[sample](#)]
 - WSI - Reconciliation of Position Counts and Budgeted Salaries [[sample](#)]
- **Supporting Schedules (submit 2 hard copies and 1 electronic copy in Excel format)**
 - [Attachment 5-1 – Explanation of Increases and Decreases](#) [[sample](#)]
 - [Attachment 5-2 – Equipment Purchase Schedule](#) [[sample](#)]
 - [Attachment 5-3 – Motor Vehicle Purchase Schedule](#) [[sample](#)]
 - [Attachment 5-4 – Other Vehicle Purchase Schedule](#) [[sample](#)]
 - [Attachment 5-5 – Building Reserves/Annualizations Schedule](#) [[sample](#)]
 - [Attachment 5-6 – Lease Schedule \(Building/Office Lease\)](#) [[sample](#)]
 - [Attachment 5-7 – Inflationary Schedule \(except gasoline and fuel\)](#) [[sample](#)]
 - [Attachment 5-8 – Inflationary Schedule for Gasoline and Fuel](#) [[sample](#)]
 - [Attachment 5-9 – Schedule of Approved OSBM Inflation Factors*](#) [[sample](#)]

Appendices

- [Appendix 5-1 – Checklist for 2009-2011 Continuation Budget Request](#)
- [Appendix 5-2 – List of Budget Codes](#) – online Excel file
- [Appendix 5-3 – WSI Reference Document](#) – sample with explanatory notes (prints on 11x17 paper)

*The Schedule of Approved OSBM Inflation Factors will be released on **August 18, 2008**.

EXPLANATION OF INCREASES AND DECREASES SCHEDULE
(For continuation requests only)

Section 5
Attachment 5-1
(Due 10/31/08)

Department _____

Division or Institution _____

Budget Code _____

Fund _____

ACCOUNT	2009-10			2010-11		
	TITLE	EXPLANATION	AMOUNT	TITLE	EXPLANATION	AMOUNT
<u>Requirements</u>						
Total Requirements			\$0			\$0
<u>Receipts</u>						
Total Receipts			\$0			
Appropriation			\$0			\$0

* Prepare a separate schedule for each Fund/Account.

SAMPLE
EQUIPMENT PURCHASE SCHEDULE
PURCHASE OR INSTALLMENT PAYMENTS
(For continuation requests only)

Section 5
Sample Attachment 5-2
(Due 10/31/08)

Department ABC Institution Division or Institution _____ Budget Code 13XXX

FUND	ACCOUNT*	PRIORITY	EQUIPMENT DESCRIPTION	JUSTIFICATION	2009-10			2010-11		
					QUANTITY NUMBER	COST PER UNIT	TOTAL COST	QUANTITY NUMBER	COST PER UNIT	TOTAL COST
1101	53 4525	1	<i>Hobart verticle cutter/mixer</i>	existing equipment not operational and cannot be repaired	1	\$7,650	\$7,650			
		2	microwave	existing equipment not operational and cannot be repaired	2	\$175	\$350			
		3	dishwashing machine	existing equipment has been repaired multiple times and requires replacement	1	\$175	\$175			
		1	Jamison walk-in cooler	existing equipment has been repaired multiple times and will require replacement in next 12 months				1	\$4,000	\$4,000
Total by Fund/Account							\$8,175	Total by Fund/Account		\$4,000
Less: 2008-09 authorized equipment budget							(\$2,243)	Less: 2008-09 authorized equipment budget		(\$2,243)
Net Amount to Worksheet I (Columns 6 & 8)							\$5,932	Net Amount to Worksheet I (Columns 6 & 8)		\$1,757

*Prepare a separate schedule for each Fund/Account.

(R) = Replacement (I) = Installment

SAMPLE
LICENSED MOTOR VEHICLE PURCHASE SCHEDULE
(For continuation requests only)

Section 5
Sample Attachment 5- 3
(Due 10/31/08)

Department ABC Institution Division or Institution _____ Budget Code 13XXX

FUND	ACCOUNT	PRIORITY	DESCRIPTION (MAKE, MODEL, YEAR AND VIN)	DATE PURCHASED (MONTH AND YEAR)	ESTIMATED MILEAGE AS OF 6-30-09	TYPE OF USE*	JUSTIFICATION (IF APPLICABLE)	2009-10		2010-11	
								TOTAL COST	TRADE-IN VALUE** (IF APPLIC.)	TOTAL COST	TRADE-IN VALUE** (IF APPLIC.)
1100	534541	1	Dodge Van - 1993 VJ186523R23588126	Feb. 1993	125,000	OTH		\$12,750	\$1,500		
1100	534541	2	Chevy Suburban - 1996 SRE12J0FP11597613	Jan. 1996	88,000	OLE				\$28,250	\$2,000
1100	534541	3	Dodge Truck 1/2 Ton 4WD - 1995 KJ258956F46785233	May 1995	113,500	OTH		\$14,000	\$1,000		
Total Request by Fund/Account								\$26,750	\$2,500	\$28,250	\$2,000
Less: FY 2008-09 Authorized Licensed Motor Vehicle Budget (Column 5)								(\$26,000)	(\$300)	(\$26,000)	(\$300)
Net Amount to Add (Subtract) to Worksheet I (Columns 6 & 8)								\$750	\$2,200	\$2,250	\$1,700
(Requirements to Motor Vehicle Account (Object) and Trade-in to Sale of Surplus Property Receipt Account (Object))											

*Type of use will either be State Highway Patrol (SHP), Division of Motor Vehicles (DMV), other Law Enforcement (OLE) or other (OTH).
**Trade-in value will be shown as estimated receipts - "Sale of Surplus Property."

Note: Prepare a separate schedule for each Fund/Account.

SAMPLE
OTHER VEHICLE PURCHASE SCHEDULE
(For continuation requests only)

Section 5
Sample Attachment 5-4
(Due 10/31/08)

Department ABC Institution **Division or Institution** _____ **Budget Code** 13XXX

FUND	ACCOUNT	PRIORITY	DESCRIPTION (MAKE, TYPE YEAR AND MODEL)	DATE PURCHASED (MONTH AND YEAR)	NUMBER REQUESTED	JUSTIFICATION/CONDITION* (IF APPLICABLE)	2009-10		2010-11	
							TOTAL COST	TRADE-IN VALUE** (IF APPLIC.)	TOTAL COST	TRADE-IN VALUE** (IF APPLIC.)
1230	534541	1	Ford Tractor - 1987 Model 740	Mar. 1997 (New)	1	Nonrepairable, declared unsafe for use by safety officer due to metal fatigue.	\$68,000	\$500		
1230	534541	2	Hough Payloader - 1979 Model H-30-B	Apr. 1979 (New)	1	Poor, replacement parts not available, electrical system not repairable. *Additional maintenance information attached.			\$55,000	\$1,500
			Total Request by Fund/Account				\$68,000	\$500	\$55,000	\$1,500
			Less: FY 2008-09 Authorized Licensed Motor Vehicle Budget (Column 5)				(\$15,000)	(\$250)	(\$10,000)	(\$500)
			Net Amount to Add (Subtract) to Worksheet I (Columns 6 & 8) (Requirements to Motor Vehicle Account (Object) and Trade-in to Sale of Surplus Property Receipt Account (Object))				\$53,000	\$250	\$45,000	\$1,000

*Provide information from maintenance records, frequency of repairs, and other pertinent information such as mileage or hours of operation to assist in determining condition.

**Trade-in value will be shown as estimated receipts - "Sale of Surplus Property."

Note: Prepare a separate schedule for each Fund/Account.

SAMPLE

FORMAT FOR BUILDING RESERVE/ Annualizations Schedule

NOTE: Specific format and line items should be agreed upon with your OSBM analyst

ABC Department

2009-11 Operating Reserves
Continuation Budget

XYZ Division

1711 General Institutional Support

(XYZ Division - Budget Code 14XXX)

Reserve for Operation of New Building (specify)

C.I. Code: 40181-4001

Estimated Completion Date: January 1, 2010

(As provided by State Construction)

<u>Fund-</u>	<u>Account</u>	<u>Description</u>	<u>Prorata Cost</u> <u>2009-10</u>	<u>Annual Cost</u> <u>2010-11</u>
1711-531211	SPA Regular Salaries	Salary Rate		
	6.0 Housekeeper	\$17,692	\$53,076	\$106,152
	.5 Housekeeper Supervisor	19,806	4,952	9,903
	.5 Maintenance Mechanic I	24,980	6,245	12,490
	.5 Grounds Worker	18,418	<u>4,605</u>	<u>9,209</u>
	Total Regular Salaries		68,877	137,754
1711-531511	Social Security		5,269	10,538
1711-531521	State Retirement		5,393	10,786
1711-531561	Medical Insurance		15,589	31,178
1711-532210	Electrical		50,000	100,000
1711-532310	Repairs - Buildings		4,000	8,000
1711-532430	Maintenance Contracts			5,000
1711-532811	Telephone			
	Telephone Installation		1,500	
	Telephone Equipment Rental		<u>3,000</u>	<u>6,000</u>
	Total Telephone		4,500	6,000
1711-533210	Janitorial Supplies			
	Initial Supplies		3,000	
	Regular Supplies		<u>5,000</u>	<u>10,000</u>
	Total Janitorial Supplies		8,000	10,000
1711-533240	Carpentry and Hardward Supplies		1,000	2,000
1711-534539	Other Equipment		2,000	
1711-535890	Other Administrative Expense		8,000	
	Total - Reserve for Operation of New Bldg.		<u>\$172,628</u>	<u>\$321,256</u>

Use salary rates in effect June 30, 2008.

Example assumes that employees are paid monthly.

SAMPLE
LEASE SCHEDULE
Building/Office Leases Schedule
(For continuation requests only)

Section 5
Sample Attachment 5-6
(Due 10/31/08)

Department ABC Institution

Division or Institution Facilities Management

Budget Code 13XXX

FUND	ACCT.	LESSOR	LOCATION	Net	Cost Per	Annual	Term of	Effective	2009-10	2010-11
				Sq. Ft.	Sq. Ft.	Rent	Lease	Annual Rent*	Amount	Amount
1120	2512	Myers Rental	Charlotte, NC	908	\$14.00	\$12,712	7/1/2001 to 12/31/2005	\$13,620	\$6,810	\$0
1120	2512	Myers Rental	Charlotte, NC	908	\$16.00	\$14,528	1/1/2006 to 12/31/2010	\$15,438	\$7,719	\$15,436
1120	2512	City of Fayetteville	Fayetteville, NC	1200	\$12.50	\$15,000	7/1/2010 to 6/30/2015	\$15,000	\$0	\$15,000
Total Lease Cost									\$14,529	\$30,436
Authorized Budget for Building/Office Lease Requirements									\$13,620	\$13,620
Authorized Budget for Receipts									\$500	\$500
Increase (Decrease) Amount									\$1,409	\$17,316

* - Effective Annual Rent might include costs negotiated in the lease such as utilities, housekeeping, etc. if charged in addition to the cost per square foot.

Prepare a separate schedule for each Fund.

**SAMPLE
INFLATIONARY INCREASE FOR ALLOWABLE ITEMS
(For continuation requests only)**

Section 5
Sample Attachment 5-7
(Due 10/31/08)

Department ABC Institution Division or Institution _____ Budget Code 13XXX

FUND*	ACCOUNT	2007-2008 ACTUAL EXPENDITURE	2008-2009 AUTHORIZED BUDGET	2009-2010 INFLATION FACTOR	2009-2010 CALCULATED TOTAL	2009-2010 INCREASE (DECREASE)	2010-2011 INFLATION FACTOR	2010-2011 CALCULATED TOTAL	2010-2011 INCREASE (DECREASE)
1230	532210	\$2,931,490	\$2,465,236	1.051	\$3,080,996	\$615,760	1.077	\$3,157,215	\$691,979
1230	532220	\$1,776,319	\$1,479,142	1.061	\$1,884,674	\$405,532	1.093	\$1,941,517	\$462,375
1230	532230	\$609,984	\$4,930	1.061	\$647,193	\$642,263	1.093	\$666,713	\$661,782
1230	532721	\$20,174	\$20,755	1.046	\$21,102	\$347	1.046	\$21,102	\$347
1230	532724	\$7,082	\$6,940	1.046	\$7,408	\$468	1.046	\$7,408	\$468

*Prepare a separate schedule for each Fund.

Allowable Inflationary Items

Items	Account Number
Food	533410xxx
Drugs	533610xxx
Medical Supplies	533630-90xxx
Water and Sewer	532230
Electricity	532210
Natural Gas/Propane	532220
Subsistence	53272x

Items	Account Number
Gasoline, Regular Grade	533310
Diesel Fuel Oil	533320
Residual Fuel Oil	532241
Text Books	534620 or 5365xx
Ed. Supplies, Materials, Equip	533720
Library Books and Periodicals	

SAMPLE
INFLATIONARY INCREASE FOR GASOLINE AND FUEL OIL
(For continuation requests only)

Section 5
Sample Attachment 5-8
(Due 10/31/08)

Department ABC Institution Division or Institution _____ Budget Code 13XXX

FUND*	ACCOUNT	2007-2008 ACTUAL GALLONS	2008-2009 AUTHORIZED BUDGET	2009-2010 ESTIMATED \$ PER GALLON	2009-2010 CALCULATED TOTAL	2009-2010 INCREASE (DECREASE)	2010-2011 ESTIMATED \$ PER GALLON	2010-2011 CALCULATED TOTAL	2010-2011 INCREASE (DECREASE)
1230	533310	24,205	\$21,378	1.21	\$29,288	\$7,910	1.27	\$30,740	\$9,362
1230	533320	508	\$458	1.10	\$559	\$101	1.16	\$589	\$131

*Prepare a separate schedule for each Fund.

Allowable Inflationary Items

Items	Account Number
Food	533410xxx
Drugs	533610xxx
Medical Supplies	533630-90xxx
Water and Sewer	532230
Electricity	532210
Natural Gas/Propane	532220
Subsistence	53272x

Items	Account Number
Gasoline, Regular Grade	533310
Diesel Fuel Oil	533320
Residual Fuel Oil	532241
Text Books	534620 or 5365xx
Ed. Supplies, Materials, Equip	533720
Library Books and Periodicals	

**OFFICE OF STATE BUDGET AND MANAGEMENT
INFLATIONARY FACTORS BASED ON 2007-08 ACTUAL EXPENDITURES**

Section 5
Attachment 5-9

<u>Item</u>	<u>Account Number</u>	(1) <u>2009-10</u>	(2) <u>2010-11</u>	(3) <u>2011-12</u>	(4) <u>2012-13</u>	(5) <u>2013-14</u>
<u>General</u>						
Food	533410xxx	1.160	1.171	1.193	1.220	1.246
Drugs	533610xxx	1.130	1.180	1.233	1.284	1.333
Medical Supplies	533630-90xxx	1.124	1.151	1.181	1.210	1.237
Medical Care / General		1.137	1.167	1.195	1.229	1.265
<u>Water and Sewer</u>						
	532230	1.209	1.256	1.295	1.336	1.380
<u>Electricity</u>						
	532210	1.180	1.182	1.190	1.196	1.212
<u>Natural Gas / Propane</u>						
	532220	1.314	1.333	1.294	1.246	1.201
<u>Substance</u>						
	53272x	1.166	1.184	1.209	1.239	1.269
<u>Gasoline and Fuel Oil (\$ per Gallon Exclusive of Taxes)</u>						
Gasoline, Regular Grade	533310	2.976	3.245	3.182	3.187	3.267
Diesel / #2 Fuel Oil	533320	3.570	3.613	3.546	3.575	3.682
Residual Fuel Oil	532241	3.426	3.467	3.398	3.414	3.534
<u>Item</u>						
Textbooks	534620 or 5365xx	1.204	1.262	1.322	1.385	1.451
Educational Supplies, Materials, Equipment	533720	1.194	1.266	1.343	1.425	1.511
Library Books and Periodicals		1.372	1.485	1.607	1.739	1.883

Appendix I
Section 5
(Due 10/31/08)

Checklist for 2009-11 Continuation Budget Requests

Submit 2 complete packages of the following:

- **Completed Checklist for 2009-11 Continuation Request** _____

- **Completed Worksheet I**
 - Summary of Total Continuation Budget Requests by Department _____
 - Summary by Purpose _____
 - Summary by Account _____
 - Detail Request _____
 - Position Count _____
 - Reconciliation of Requirements, Receipts, and Appropriation _____
 - Reconciliation of Position Counts and Budgeted Salaries _____

- **Supporting Schedules (submit 1 electronic copy in Excel format)**
 - Attachment 5-1 – Explanation of Increases and Decreases _____
 - Attachment 5-2 – Equipment Purchase Schedule _____
 - Attachment 5-3 – Motor Vehicle Purchase Schedule _____
 - Attachment 5-4 – Other Vehicle Purchase Schedule _____
 - Attachment 5-5 – Building Reserves/Annualizations Schedule _____
 - Attachment 5-6 – Lease Schedule (Building/Office Lease) _____
 - Attachment 5-7 – Inflationary Schedule (except gasoline and fuel) _____
 - Attachment 5-8 – Inflationary Schedule for Gasoline and Fuel _____

WSI - SUMMARY BY ACCOUNT
BUDGET PREPARATION WORKSHEET I
(NOTE: This form is provided by BPS)

Section 5
Appendix 5-2
(Due 10/31/08)

3XXX DEPARTMENT OF ABC INSTITUTION
13XXX ABC INSTITUTION

DESCRIPTION		2007-08	2008-09	2008-09	2009-2010	2010-11		
ACCOUNT	TITLE	ACTUAL	CERTIFIED	AUTHORIZED	INCR/DECR OVER AUTHORIZED	TOTAL	INCR/DECR OVER AUTHORIZED	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
REQUIREMENTS: 531211	SPA REGULAR SALARIES	\$34,459,000	\$34,550,000	\$34,575,000	\$5,600	\$34,580,600	\$5,600	\$34,580,600
TOTAL REQUIREMENTS		\$34,459,000	\$34,550,000	\$34,575,000	\$5,600	\$34,580,600	\$5,600	\$34,580,600
ESTIMATED RECEIPTS: 434140	MAINTENANCE & REPAIR SERV	\$63,500	\$65,800	\$64,580	\$1,200	\$65,780	\$1,300	\$67,080
TOTAL EST. RECEIPTS		\$63,500	\$65,800	\$64,580	\$1,200	\$65,780	\$1,300	\$67,080
NET APPROPRIATION		\$34,395,500	\$34,484,200	\$34,510,420	\$4,400	\$34,514,820	\$4,300	\$34,513,520

TOOLS AND INSTRUCTIONS

Account	Title	Actual	Certified	Authorized	(Incr/Decr Over Authorized)	Total	Incr/Decr Over Authorized	Total
Review for correct fund and account number	Ensure BPS account titles match NCAS	Utilize the BD701 for fiscal year ending June 2008	Utilize the RK314 report through X/TND for a listing of all second year Type 11 budget revisions. The report will be available July 2008. Agencies may also review the list using function 12 in the Budget Revision System.	Utilize the RK314 report through X/TND for a listing of all second year Type 12 and 14 budget revisions. The report will be available July 2008. Agencies may also review the list using function 12 in the Budget Revision System.	Enter allowable increases and decreases over the authorized (or "base") year, which when added to or subtracted from the authorized 2008-09 amount, accurately reflect requirements for the 2009-10 continuation budget	Column 5 + Column 6	Enter allowable increases and decreases over the authorized (or "base") year, which when added to or subtracted from the authorized 2008-09 amount, accurately reflect requirements for the 2009-10 continuation budget	Column 5 + Column 8
Contact OSBM budget analyst for corrections		Verify the transfer of actual expenditures	Review list to determine which budget revisions should be included in the Worksheet I. Appropriate second year (2008-09) Type 11 budget revisions are included in columns 4 and 5.	Review list to determine which budget revisions should be included in the Worksheet I. Appropriate second year (2008-09) Type 12 and 14 are included in column 5.				
		Verify the transfer of actual receipts	Type "O" for "OMIT" in the code field of each budget revision that <i>should not</i> become a part of the agency's continuation budget and are typically one time in nature.	Type "O" for "OMIT" in the code field of each budget revision that <i>should not</i> become a part of the agency's continuation budget				
		Compare WSI actual column to BD701 for FY ending June 2007	All other Type 11 budget revisions will be automatically added to the Worksheet I certified column.	All other Type 12 and 14 budget revisions will be automatically added to the Worksheet I certified column				
			Use the <i>Reconciliation</i> form (Attachment 6) to ensure that the certified requirements, receipts and appropriation are correct.	Use the <i>Reconciliation</i> form (Attachment 6) to ensure that the certified requirements, receipts and appropriation are correct				
			This review should be complete by August 18, 2008.	This review should be complete by August 18, 2008				

6. EXPANSION BUDGET

The expansion budget is the agency's request for the following:

- Additional operating funds above those allowed in the continuation budget, including new and/or pilot programs.
- Departmental proposals to change a statutorily-controlled program by redirecting funds from one program to another.
- One-time major equipment purchases.
- Continued phase-in of new programs initiated in a previous biennium.
- Legislatively-designated salary increases.
- Funds to replace lost federal funds.

Any expansion request that is related to information technology must conform to the process and requirements found in [Section 7](#).

Limitations on the Amount of Expansion Funding Requested by State Agencies

The sum total of all General Fund appropriation expansion requests (Worksheet IIs) for the 2009-10 and 2010-11 biennium shall not exceed 5 percent of that agency's 2008-09 certified appropriation, unless the agency receives prior written approval from the Office of State Budget and Management (OSBM). Agencies may submit expansion requests that exceed the 5 percent threshold without prior approval only if the expansion requests are accompanied by funding or program reductions equal to or greater than the expansion requests. Any reductions that support an expansion request shall be submitted on a separate Worksheet II and include references to the expansion requests they support in the narrative section.

In addition to General Fund appropriation expansion requests, agencies should also submit Worksheet IIs for expansion requests supported from 100% Non-General Fund sources (federal funds or other receipts) or if an expansion item is supported from cash balances in non-reverting funds.

6.1 Worksheet II Overview

The [Summary List of Expansion Budget Requests \(Attachment 6-1\)](#) and [Worksheet II \(Attachment 6-2\)](#) must be used for official expansion requests. The Summary List must be completed and submitted with the Worksheet II to OSBM by **November 14, 2008**. Submit the expansion schedules electronically via e-mail or CD-ROM in Excel format (do not convert to a PDF document), and submit two (2) hard copies on 8 1/2" by 11" paper. Incomplete requests will not be considered by OSBM.

6.2 Worksheet II Instructions

6.2a Summary List and Priority of Funding ([Attachment 6-1](#))

On the Summary List of Expansion Requests, summarize each request into one list of short, concise sentences with the total funds requested shown in the columns for 2009-10 and 2010-11. Each item involving receipts must show total requirements, estimated receipts, and appropriation requested. Show the number of positions directly beneath the requested appropriation. [Attachment 6-1](#) is used for the Summary List of

Expansion Requests. [Attachment 6-2](#) (Worksheet II) must be submitted for the top ten priority items in the expansion request. Worksheet IIs for other priorities should be available on request.

- Line 1 indicates the name of the **Agency** submitting the request.
- Line 2 indicates the **Priority Number** for the expansion request. The **Title of Request** is a brief description of the expansion item being requested. If priority number is not indicated by the agency, OSBM will assume that items are listed in priority order starting with the first item on the summary list.
- Line 3 indicates the total **Requirements** for the expansion items for fiscal years 2009-10 and 2010-11, respectively.
- Lines 4a, 4b, and 4c indicate **Receipts** for the expansion request.
 - Line 4a indicates **Federal receipts** which support the requirements for the expansion item for fiscal years 2009-10 and 2010-11, respectively.
 - Line 4b indicates **Local receipts**, which support the requirements for the expansion item for fiscal years 2009-10 and 2010-11, respectively.
 - Line 4c indicates **Other receipts**, which support the requirements for the expansion item for fiscal years 2009-10 and 2010-11, respectively.
- Line 5 indicates **Appropriation** support for the expansion item for fiscal years 2009-10 and 2010-11, respectively.
- Line 6 indicates the total **Number of Positions** (rounded to the third decimal) requested for the expansion item for fiscal years 2009-10 and 2010-11, respectively.

Note: Repeat the instructions for lines 2 - 6 for each expansion request.

- Line 7 indicates **Total Requirements** for *all* expansion items *requested* for fiscal years 2009-10 and 2010-11, respectively.
- Lines 8a, 8b, and 8c indicate **Total Receipts** for all expansion items requested.
 - Line 8a indicates **Total Federal Receipts**, which support the requirements for the expansion items for fiscal years 2009-10 and 2010-11, respectively.
 - Line 8b indicates **Total Local Receipts**, which support the requirements for the expansion items for fiscal years 2009-10 and 2010-11, respectively.
 - Line 8c indicates **Total Other Receipts** that support the requirements for the expansion items for fiscal years 2009-10 and 2010-11, respectively.
- Line 9 indicates **Total Appropriation** for all expansion items for fiscal years 2009-10 and 2010-11, respectively.
- Line 10 indicates **Total Positions** (rounded to the third decimal) for all expansion items for fiscal years 2009-10 and 2010-11, respectively.

6.2b **Worksheet II** ([Attachment 6-2](#))

Funds for expansion items are requested on the [Worksheet II](#) form. A separate Worksheet II must be completed and submitted by the agency for each of the expansion priority items.

Expansion items must be assigned a priority number by the requesting agency. The priority number is listed on each Worksheet II, and all Worksheet IIs must be assembled in priority order when submitted on **November 14, 2008**.

Instructions for completion of the Worksheet II are:

- Line 1 indicates the **Priority Number** of the request and the **Total Number** of expansion items submitted (Priority No. ___ of ___). Repeat this process at the top of each page of the Worksheet II.
- Line 2 indicates the **Budget Code** number, the **Department** title, and the **Division** or **Institution** for which the expansion request is submitted.
- Line 3 indicates the North Carolina Accounting System (NCAS) operating **Fund Number** and **Fund Title** for which the expansion request is submitted. If an expansion request covers more than one fund, list all funds affected.
- Line 4 indicates the **Title of the Request** for which the Worksheet II is prepared.
- Line 5 provides a brief **Description of the Request** for which the Worksheet II is prepared. A more detailed description of the request should be provided on Line 18a, **Justification**.
- Lines 6, 7, 8, and 9 indicate **Totals** for the expansion request:
 - Line 6 indicates the **Total Requirements** for the expansion budget request as shown on Line 11, page 2, for fiscal years 2009-10 and 2010-11.
 - Line 7 indicates the **Total Receipts** for the expansion budget request as shown on Line 14, page 2, for fiscal years 2009-10 and 2010-11.
 - Line 8 indicates the total **Appropriation** for the expansion budget request as shown on Line 15, page 2, for fiscal years 2009-10 and 2010-11.
 - Line 9 indicates the **Total Positions** (rounded to third decimal) for the expansion request as shown on Line 12, page 2, for fiscal years 2009-10 and 2010-11.

Note: When Lines 10-17 are completed, the first two data columns of lines 6-9 will populate automatically. Enter the recurring and non-recurring requirements, receipts, and positions for lines 6, 7, and 9.

- Line 10 indicates the detail of the **Requirements** for the expansion request. The Account (Object) Number and Title are the NCAS expenditure **Account (Object) Number** and **Account Title** at the six-digit level of detail.

The amounts shown in the 2009-10 and 2010-11 columns reflect the incremental change in the funding required to implement the request. The projection of the requirements for future fiscal years should include the incremental change in funding

required to continue funding for the request. The purpose of this projection is to show where there is increased cost to the state as a result of funding the expansion request. (This would not include projecting future legislative salary increases.)

Fringe benefits for new positions should be based on the rates shown in [Section 5.2c-13](#).

Equipment to support new positions should be requested in the year the position is established. Other equipment related to the expansion request should be requested in the appropriate year.

The Actual 2007-08 and Authorized 2008-09 columns must be filled in and should reflect activity directly related to the expansion request. They should not be an aggregate of every possible related activity. For example, if the expansion request is to increase funding for a particular project or program, then show prior year actual activity and current authorized budget for the project or program.

- Line 11 indicates the total **Requirements** of the *existing program* as shown in the continuation budget for 2007-08 Actual, and 2008-09 Authorized. The requirements shown for fiscal years 2009-10 through 2013-14 indicate the total of the incremental change required for implementation of the expansion request.
- Line 12 indicates the total **Full Time Equivalent (FTE)** positions of the *existing program* as shown in the continuation budget for 2007-08 Actual and 2008-09 Authorized. The FTE positions shown for fiscal 2009-10 through 2013-14 indicate the total positions required for implementation of the expansion request. (Detail of the positions included in the expansion request is provided on Page 3, Line 16.)
- Line 13 indicates the detail of the **Receipts** for the expansion request. The Account number and title are the NCAS receipt **Account Number** and **Account Title** of the Account detail. The amounts shown in the 2009-10 and 2010-11 columns reflect the incremental increase in the level of receipts anticipated for implementation of the expansion request. Whenever possible, agencies should also recommend dedicated receipt or revenue sources that are currently unbudgeted to support their expansion request. If specific statutory authority is needed, attach recommended statutory or special provision language, which can provide authority for dedicated receipt and revenue sources. 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, instead of general fund appropriations, to support their expansion requests.
- Line 14 indicates the **Receipts** of the *existing program* as shown in the continuation budget for 2007-08 Actual and 2008-09 Authorized. The receipts shown for fiscal years 2009-10 through 2013-14 indicate the total incremental increase in receipts for the expansion request.
- Line 15 indicates the **Appropriation** of the *existing program* as shown in the continuation budget for 2007-08 Actual and 2008-09 Authorized. The appropriation

shown for fiscal years 2009-10 through 2013-14 indicates the incremental change in the total appropriation for the expansion request.

- Line 16 indicates the detail of positions requested by Salary **Grade**, State Personnel **Classification**, **Effective Date**, the **FTE** (rounded to third decimal) for fiscal years 2009-10 and 2010-11, the **Annual Salary** of the position, and the **Budgeted Salary** for fiscal years 2009-10 and 2010-11. The effective date shall be July 1 unless there are extenuating circumstances that would necessitate a later effective date (such as positions that would support a facility upon the completion of a construction project). Prior approval from your OSBM budget analyst is required before requesting positions with an effective date later than July 1.

Requested Salary Levels:

- The requested salary level for each new position that is not in a banded class should reflect the midpoint for the appropriate classification as authorized by the [Office of State Personnel](#), unless otherwise justified in the Narrative. This justification should thoroughly address market conditions, high cost 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 classification column.)
 - The requested salary level for each new position that is in a banded classification should reflect 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 Personnel, unless otherwise justified in the Narrative. This justification should thoroughly address market conditions, high cost geographic considerations and related factors that prohibit the agency from hiring at the established market or reference rate for the banded class. (If a position is funded from multiple sources, indicate the source and percentage of funding from each source in the classification column.)
- Line 17 indicates the FTE (rounded to third decimal) **Total Number** and **Budgeted Salary** of the positions for the expansion budget request for fiscal years 2009-10 and 2010-11. This FTE information should agree with the information shown for fiscal years 2009-10 and 2010-11 on Page 2, Line 12.
 - Line 18a indicates the **Justification**, which includes a description of the purpose of the expansion request, the problem being addressed, the changes in business processes necessary to accomplish the implementation, the anticipated outcome/impact after implementation of the changes, and the relationship to agency Results Based Budgeting (RBB) goals and key agency indicators or other RBB identified performance measures. If the request is to expand services included in the continuation budget, the narrative should state the *change* that will be effected by the additional funding. If the request is for a new program, the narrative should identify the purpose of the new program and describe the results it hopes to achieve, citing specific impacts on RBB performance measures or key agency indicators as appropriate.

Line 18b indicates the **Explanatory/Justifying Measures** of the expansion request. This is a table for any performance measures that support the items in the above justification. Measures and anticipated outcomes must be provided and should be specific and focus on how changing business processes, staffing, etc. will improve service. This may include efficiency information (e.g., resources will reduce backlog), and effectiveness information (e.g., resources will reduce customer complaints). The electronic version of this form can be expanded to allow extra space, if needed.

Line 18c indicates the **Relevance** of the expansion request to the **Governor's Agenda**. Quantitatively estimate the impact the expansion request will have in the future on the areas highlighted in the Governor's agenda. Specific measures are suggested but others may be added that tie to an item in the agenda. If historic information is available for the measure, it should also be added in 18b.

- Line 19 indicates **Additional Resources** required from another agency to support the request.
- Line 20 indicates the **Name of the Agency** and the additional cost for the agency to support the request.
- Line 21, 22, and 23 indicate whether it is necessary to include a **Special Provision**, a **General Statute** change, or if a new statute is required to implement the request. A draft of the legislation must be attached to the expansion request.
- Line 24 indicates whether there is a **Capital Improvement Project** associated with the expansion request.
- Line 25 indicates the **Capital Improvement Project Title**, which relates to the request.
- Line 26 indicates the Capital Improvement **Budget Code Number**, the **Item Number**, and the **Projected Completion Date** of the project, which relates to the request. The **Budget Code Number** is represented by 4xxxx. The second and third numbers represent the fiscal year of the project, (such as 494xx) and the fourth and fifth numbers represent the department's two-digit identification assigned by OSBM. Contact the Capital Improvement Section of OSBM if you have questions about the code number (919-807-4700). The **Item Number** should be the same as the Item Number on your Capital Improvement Project request.
- Line 27 indicates the need for additional **Space Requirements** per [G.S. 120-36.7\(c\)](#).
- Line 28 indicates the **Type of Space** (office, storage, other) required for the request. Check the appropriate type.
- Line 29 indicates **Additional Square Footage Required** for the request for fiscal years 2009-10 through 2013-14.
- Line 30 indicates estimated additional annual **Cost of the Space Requirements** for five state fiscal years.

- Lines 31 and 32: Each request that requires additional vehicles from the state motor pool must indicate the number of additional cars required to support the request. If the request requires additional resources from another agency, the details of those requirements should be included in the justification.
- Line 33 indicates if the request is an Experimental, Model or Pilot program.

Business Case for Lease Purchases and Installment Purchases

If a submitted expansion request involves a lease or installment purchase of equipment, a business case must be completed and submitted with Worksheet II. The business case assists in evaluating the most beneficial method of acquiring a commodity when considering a lease purchase or installment purchase. OSBM reviews the business cases as part of the expansion budget approval process. The documents required for completion of the business case are included as [Attachment 6-3](#) of the Expansion Budget Attachments. Included are the following:

- General guidelines and instructions
- Template for a business case narrative
- Template for financial analysis
- Template for risk analysis
- Template for recommendations

6.3 Expansion Budget Attachments

- [Attachment 6-1: Summary List of Expansion Budget Requests](#)
- [Attachment 6-2: Worksheet II Expansion Budget Request](#)
- [Attachment 6-3: Business Case for Acquisitions \[Excel Forms\]](#)

Section 6, Attachment 1
(Due 11/14/08)

SUMMARY LIST OF EXPANSION REQUESTS

1 Agency: _____

Priority Number	Title of Request	Requested 2009-10	Requested 2010-11
2			
3	Requirements		
	Receipts		
4a		Federal	
4b		Local	
4c		Other	
5	Appropriation		
6	No. of Positions		
(Insert and copy additional lines as needed for each expansion item.)			
<hr/>			
7	Total Requirements		
	Total Receipts		
8a		Federal	
8b		Local	
8c		Other	
9	Total Appropriation		
10	Total No. of Positions		
<hr/>			

Submit 2 copies on 8 1/2 x 11-inch and one electronic copy (Excel, Non- PDF file via e-mail or CD-ROM) to your OSBM budget analyst.

Worksheet II Expansion Budget Request

Complete appropriate yellow boxes throughout.

Section 6
Attachment 6-2
Due 11/14/08

1 Priority No. of

2009-2011

2 Budget Code: Department: Division/
Institution:

3 Fund Code: Fund Title:

4 Title of Request:

5 Description of Request:

	2009-10	2010-11
6 Total Requirements	\$ -	\$ -
7 Total Receipts	-	-
8 Appropriation	-	-
9 Total Positions	-	-

2009-10	2010-11
Recurring	Nonrecurring
0	0

2009-10	2010-11
Recurring	Nonrecurring
0	0

18a Justification

Purpose of Expansion request:

Problem/issue being addressed:

Necessary changes in operation:

Anticipated outcome/impact after implementation of changes:

Relation to agency goals and RBB key agency indicators:

18b Explanatory/justifying measures

Describe and provide values for quantitative measures that help justify this request. Two measures showing results with and without the increase may be helpful. Explain the methods of future projections in the previous section under "Anticipated outcome/impact after implementation of changes."

Measure description	Actual	Actual					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13

18c Relevance to Governor's Agenda

Describe the relevance of the request to the Governor's Agenda. Pick the relevant agenda item. If using quantitative measures add them to 18b above.

Agenda

▼

Impact on Governor's Agenda:

Other

19 Does this request require additional resources from another agency? YES NO

20 Name the agency and the funds required: Funds Requested:

21 Are statutory changes or special provisions required to implement expansion?
 YES NO

22

23 If YES, attach a copy of the draft legislation.

Relationship to capital improvement projects

24 Does this expansion request relate to a capital improvement project? YES NO

25 If YES, give title of C.I. Project:

26 C.I. Budget Code: Item Number: Projected completion date:

Space Requirements (G.S. 120-36.7 C)

27 Does this request require additional space? YES NO
If yes, complete the following:

28 Type of Space: Office Storage Other

	2009-10	2010-11	2011-12	2012-13	2013-14
29 Additional Square Footage Required	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
30 Estimated Cost of Space Requirements	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Motor Pool Requirements

31 Does this request require additional vehicles from the state motor pool? YES NO

32 If YES, how many?



Criteria for Evaluating the Business Case for Acquisitions & Guidance on Lease Purchase and Installment Purchase Analysis

July 2008

Overview

Per Section 6.17 of Session Law 2005-276, standardized criteria should be used to evaluate acquisitions using lease purchases or installment purchases. Executive branch agencies should utilize a business case approach to evaluate such acquisitions.

Before entering into any purchase or lease agreement, the economic soundness of the various buying options versus leasing should be analyzed. Based on the results of the Business Case, agency management can justify and select the best acquisition method for the situation.

What is a Business Case?

A business case is a document used to justify the commitment of resources to a project. For this purpose, the business case is being prepared in order to document purpose, agency needs, evaluate alternatives, assess the overall costs and benefits, justify and obtain approval to proceed and/or to secure funding for lease purchase or installment purchase acquisitions.

How to Prepare a Business Case?

Business Case Framework

For the purpose of evaluating acquisitions using either lease purchases or installment purchases, the business case framework will include the following elements:

- Narrative
- Financial Analysis
- Risk Analysis
- Recommendation

Narrative

The Narrative includes a description of the acquisition. It includes the “Why, What, When, Who, and How” of the acquisition. Incorporate the following elements in the narrative:

- Describe acquisition
 - new or replacement,
 - construction project, service or equipment
- Explain how the acquisition will benefit the agency
- Describe any Federal, Legislative, or local mandate driving or impacting the acquisition
- Illustrate work processes that can be improved
- Determine how long the acquisition will be used, useful life and possibility of obsolesces
- Identify streamlined work processes and improved work task
- Outline potential cost savings to the agency
- Identify of funding source and availability
- Explain any related staffing changes
- Describe problem or opportunity that the acquisition will address, i.e. inability to meet current demands, increased operating costs, change in legislation
- Identify risk factors, i.e. cost risks, performance risks
- Describe alternatives considered

This information should be entered on the Narrative form. See [Attachment 1](#) for the Narrative template.

Financial Analysis

The two most important criteria used to evaluate the business case for acquisitions are benefit-cost analysis and cost-effectiveness analysis. Both benefit-cost analysis and cost-effectiveness analysis are economic techniques that provide a systematic framework for evaluating public policy choices, including purchase decisions. Before performing any type of comparative cost analysis of purchase options, the decision to acquire an asset must be made. In making this decision, a benefit-cost analysis should be conducted to demonstrate whether the anticipated benefits resulting from an acquisition justify the expected costs.

Benefit-Cost Analysis (BCA) – Benefit-cost analysis is a quantitative method of assessing the desirability of government projects or policies when it is important to take a long view of future effects and a broad view of possible side-effects. A distinctive feature of BCA is that both benefits and costs are expressed in dollars, which allows evaluation of different alternatives with a variety of attributes using a common measure.

A good analysis does not follow a strict formula. Different purchase decisions will likely require different emphases in the analysis, depending on the nature and complexity of the purchase and the sensitivity of the benefit and cost estimates to key assumptions. That said, below are some general considerations that should be taken into account when performing a BCA. These considerations are followed by Attachments [2-Cost of Ownership](#), [3-Benefits](#), and [4-Summary of Costs and Benefits](#), which provide a template designed to help agencies begin a benefit-cost analysis.

General Considerations

1. **Scope of Analysis** – The analysis should focus on all benefits and costs associated with the acquisition, including indirect benefits and costs. The time frame for analysis should cover a period long enough to encompass all the important benefits and costs likely to result from the acquisition. Attachments [2-Cost of Ownership](#), [3-Benefits](#), and [4-Summary of Costs and Benefits](#) assume that 5 years is the appropriate time period for analysis. To the extent the appropriate time differs, these tables should be adjusted accordingly.
2. **Baseline** – The impacts identified should be measured against a baseline. This baseline should be the best assessment of the way the world would look absent the acquisition. In many cases, the world absent the acquisition will resemble the present. For example, if an agency is evaluating the purchase of a new computer to replace an older model, the costs and benefits associated with the newer computer should be compared to the levels achieved with the base case, or older model.
3. **Alternatives** – The BCA should identify reasonable alternatives deserving careful consideration and evaluate the impacts of each. It is often useful to go beyond simply comparing an agency's preferred option to the baseline. When there is a "continuum" of alternatives to address a particular problem, an agency should examine a preferred option, a more expensive or stringent option, and a less expensive or stringent option. For the purpose of evaluating multiple alternatives, Attachments [2-Cost of Ownership](#), [3-Benefits](#), and [4-Summary of Costs and Benefits](#) can be completed for each alternative. The narrative section of the business case also provides an opportunity to describe alternatives considered. Alternatives should be analyzed for every major acquisition.
4. **Benefit and Cost Estimates** – How is this acquisition expected to change the current state? What benefits or cost impacts are associated with these changes? What are the monetary values of these impacts? If the impacts cannot be monetized, an agency should try to quantify through the use of informative physical units. To organize these impacts, an agency should:

- include separate schedules of the monetized benefits and costs;
- identify the benefits and costs that can be quantified, but not monetized; and
- describe the benefits and costs that cannot be quantified.

See Attachments [2-Cost of Ownership](#), [3-Benefits](#), and [4-Summary of Costs and Benefits](#) for a template on how to begin organizing cost and benefit impacts.

5. **Transparency and Reproducibility** – A good analysis should be transparent and clearly set out the basic assumptions, methods, and data used. In Attachments [2-Cost of Ownership](#), [3-Benefits](#), and [4-Summary of Costs and Benefits](#), this information should be provided in the “description” column. Given the uncertainty of various estimates, it may also be useful to provide a sensitivity analysis to reveal whether, and to what extent, the results of the analysis are sensitive to possible changes in key assumptions.
6. **Time Value of Money** – Benefits and costs do not always take place in the same time period. When they do not, an agency should not simply add up all of the expected benefits or costs without accounting for when the impacts occur. Benefits or costs that occur sooner are generally more valuable. Given this preference, a discount factor should be used to adjust future benefits and costs. The summary table in Attachment [4-Summary of Costs and Benefits](#) uses a 4.1% discount rate to adjust future benefits and costs.

Cost-Effectiveness Analysis – Only after the decision to make an acquisition has been made is there a need to analyze the decision whether to purchase, lease-purchase, or lease. Comparing different options (e.g., purchase, lease-purchase, or lease) that achieve the same primary outcome (e.g., acquire an asset) is cost-effectiveness analysis. After comparing the present value cost of various options, agencies should generally pursue the most cost-effective solution.

To help illustrate how to begin to compare various purchase options, OSBM has prepared a purchase example in Attachment [5-Purchase Options Example](#) followed by a similar blank template in Attachment [6-Purchase Options Template](#). In this purchase scenario, which is also described at the top of Attachment [5-Purchase Options Example](#), an agency has determined that it needs a new copy machine (e.g., the benefits of purchasing a copy machine justify the costs). The agency believes there is a 36-month useful life cycle for the machine, so the equipment will need to be replaced at that time. The major acquisition alternatives are: purchase, lease-purchase, and leasing.

The agency has the following information about each option:

Item	Cost
Copy Machine	\$5,000
Expected Residual Value	\$575
Discount Rate	4.1%
Semi-Annual Lease-Purchase Payment	\$910
Semi-Annual Lease Payment	\$860
Ancillary Costs	\$0

The lease company is prepared to lease the copy machine to the agency for three years with semi-annual payments. At the end of the lease, the agency would be required to return the copy machine.

If the agency purchased the copy machine through either a lease-purchase or outright cash purchase, it would expect to be able to sell the copy machine at the end of the three-year term for \$575.

As illustrated in Attachment [5-Purchase Options Example](#), the first step in the analysis is to identify the total purchase costs. For an outright cash purchase, the total purchase costs will be the purchase price. Since that purchase typically happens at the beginning of ownership, this cost would be identified in year one and would not need to be discounted since it's already "present value." Lease-purchase, installment purchase, and leases involve specified payments at given periods. In this example, the agency can lease-purchase the asset for semi-annual payments of \$910 or lease the asset for \$860 semi-annually. These annual costs are reflected in each of the three years of the asset's useful life.

Next, the agency should add any ancillary costs, such as repair and maintenance expenses. However, these costs can be excluded if they are estimated to be the same for each purchase alternative. In this particular example, ancillary costs were assumed to be zero.

The last step of the analysis is to account for the residual value of the asset and appropriately discount overall impacts. Since leasing does not involve ownership, the residual value is not accounted for under that option. This example assumes that the agency would take advantage of the purchase option under the lease-purchase terms. Therefore, the residual value of the asset (\$575) is accounted for at the end of year three under both the purchase and lease-purchase options.

Finally, the present value of the residual value is then subtracted from the present value stream of purchase and ancillary costs to arrive at total present value cost. In this example, the purchase option was the most cost-effective option, followed by lease-purchase and lease.

Risk Analysis – Projects over \$500,000

Completing the risk analysis assessment section is only required for acquisitions over \$500,000. The purpose for the Risk Assessment Section is to provide the reader with an understanding of the risks that are related to the acquisition and how these risks may vary by the viable alternatives. This section includes a risk mitigation strategy for each risk. Refer to [Attachment 7](#) for an example of how the project risks can be documented.

A risk is a factor or event that may jeopardize the acquisition from achieving the anticipated benefits or increase the cost of the acquisition. The risk assessment should tie into the assumptions and parameters used in the Benefit-Cost Analysis section. In particular it should be used to gage the strength of the recommendation through the sensitivity analysis referred to in section 5 of General Considerations. An acquisition may look like a good decision until it becomes apparent that the benefit it was to provide has a significant risk of never arriving.

Start by identifying all risks that may relate to the acquisition. Many acquisitions have unique risks but some examples of risks are:

- Lack of Senior Management Support
- Schedule inflexibility
- Length of implementation
- Funding not completely secured
- Multiple vendors or business partners
- Unstable business requirements
- Large number of users
- Causes significant change to multiple business processes
- Legislative changes
- Insufficient training
- Inadequate communication

- Conflicting priorities
- Inability to free-up critical business resources

For each risk, identify the probability of the risk occurring and the impact it may have on each alternative, using the following guidelines.

Probability of Risk:

- High indicates that the event is high likely to occur
- Medium indicates that the event is likely to occur
- Low indicates that the event is not likely to occur

Impact of Risk:

- High indicates that the event has a significant impact to the acquisition / project
- Medium indicates that the event will impact the acquisition/project
- Low indicates that the impact is relatively minor to the acquisition/project
- None indicates that the risk will not impact the acquisition/project

Once the above has been laid out, mitigation strategies should be developed to offset the risks that you have identified.

After these analyses are completed, it is time to choose the best option and present recommendations.

Recommendations

Conclude the Business Case with recommendations including what the financial impact will be to the agency. This step is done after the narrative and financial spreadsheets have been completed and analyzed. Based on the results of the analysis, the recommendation will be made as to what method of acquisition to use:

- purchase,
- lease,
- lease purchase, or
- installment purchase

Include other alternatives considered, if applicable and why option selected is best. This information is entered on the Recommendations form which is shown in [Attachment 8](#).

Attachment 1 for Business Case for Acquisitions-Example

Narrative

Department or Agency:
Contact Person: Telephone: e-mail address:
Acquisition Description :
Date:
Narrative:

Cost of Ownership

Cost Categories	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost
Purchase Price		\$0	\$0	\$0	\$0	\$0	\$0
Repair & Maintenance		\$0	\$0	\$0	\$0	\$0	\$0
Special Equipment or Supplies (Not included in Purchase Price)		\$0	\$0	\$0	\$0	\$0	\$0
Delivery, Transportation, or Installation		\$0	\$0	\$0	\$0	\$0	\$0
Training or Technical Support		\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$0	\$0	\$0	\$0	\$0	\$0
Other (please list)		\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Ownership		\$0	\$0	\$0	\$0	\$0	\$0

Benefits

Quantifiable Benefits	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total Cost
Cost Reduction		\$0	\$0	\$0	\$0	\$0	\$0
Increased Productivity		\$0	\$0	\$0	\$0	\$0	\$0
Improved Quality of Service		\$0	\$0	\$0	\$0	\$0	\$0
Improved Health or Safety		\$0	\$0	\$0	\$0	\$0	\$0
Reduced Maintenance or Operations		\$0	\$0	\$0	\$0	\$0	\$0
Other (please list)		\$0	\$0	\$0	\$0	\$0	\$0
Total Benefits		\$0	\$0	\$0	\$0	\$0	\$0
Quantifiable but Non-Monetized Benefits		Description					
Non-Quantifiable Benefits		Description					

Attachment 4 for Business Case for Acquisitions-Example

Summary of Costs and Benefits

Discount Rate = 4.1%

	Year 1	Year 2	Year 3	Year 4	Year 5
Costs of Asset	\$0	\$0	\$0	\$0	\$0
Benefits of Asset	\$0	\$0	\$0	\$0	\$0
Net Benefits	\$0	\$0	\$0	\$0	\$0
Net Present Value	\$0	\$0	\$0	\$0	\$0
Total Net Present Value	\$0				

Lease and Installment Purchase Analysis Example

An agency has decided to purchase a new copy machine. The agency uses a 36-month life cycle for copy machines. Therefore, the equipment will need to be replaced at that time. In considering whether to purchase, lease-purchase, or lease the equipment, the agency has the following information:

Item	Cost
Copy Machine	\$5,000
Expected Residual Value	\$575
Discount Rate	4.1%
Semi-Annual Lease-Purchase Payment	\$910
Semi-Annual Lease Payment	\$860
Ancillary Costs	\$0

Discount Rate = 4.1% (currently) check link for most recent rate:
[DISCOUNT RATES FOR LEASE PURCHASE ANALYSIS](#)

PURCHASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$5,000					\$5,000
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$5,000
Residual Value	\$0	\$0	\$575	\$0	\$0	\$510
			Present Value Total Cost =			\$4,490

LEASE PURCHASE OR INSTALLMENT PURCHASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$1,820	\$1,820	\$1,820	\$0	\$0	\$5,041
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$5,041
Residual Value	\$0	\$0	\$575	\$0	\$0	\$510
			Present Value Total Cost =			\$4,531

LEASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$1,720	\$1,720	\$1,720	\$0	\$0	\$4,764
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$4,764
Residual Value	\$0	\$0	\$0	\$0	\$0	\$0
			Present Value Total Cost =			\$4,764

*If the terms of the lease or purchase include ancillary services or costs that differ by purchase option, the costs should be included. Examples of ancillary services include: construction, installation, site, design, management, repair and improvement, and operation and maintenance costs.

Analysis Template for Lease and Installment Purchase Decisions

Discount Rate =

4.1% (currently)

[DISCOUNT RATES FOR LEASE PURCHASE ANALYSIS](#)

PURCHASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$0	X				\$0
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$0
Residual Value	\$0	\$0	\$0	\$0	\$0	\$0
						Present Value Total Cost = \$0

LEASE PURCHASE OR INSTALLMENT PURCHASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$0	\$0	\$0	\$0	\$0	\$0
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$0
Residual Value	\$0	\$0	\$0	\$0	\$0	\$0
						Present Value Total Cost = \$0

LEASE

	Year 1	Year 2	Year 3	Year 4	Year 5	Present Value
Purchase Price or Annual Payment	\$0	\$0	\$0	\$0	\$0	\$0
Ancillary Costs*	\$0	\$0	\$0	\$0	\$0	\$0
						\$0
Residual Value	\$0	\$0	\$0	\$0	\$0	\$0
						Present Value Total Cost = \$0

*If the terms of the lease or purchase include ancillary services or costs that differ by purchase option, the costs should be included. Examples of ancillary services include: construction, installation, site, design, management, repair and improvement, and operation and maintenance costs.

Risk Assessment - (Required for projects over \$500,000)

Example of how Risks can be Documented

Risk Associated with doing the Project / Acquisition

Risk Assessment	Viable Alternative 1		Viable Alternative 2		Viable Alternative 3	
	Probability	Impact	Probability	Impact	Probability	Impact
Risk 1 – a description of risk 1	High	Medium	Low	Low	Medium	Low
<i>Risk 1 General Mitigation Strategy</i>	<i>Specific Strategy</i>		<i>Specific Strategy</i>		<i>Specific Strategy</i>	
...						
Risk 2 – a description of risk 2	Low	Medium	Medium	Low	Medium	Medium
<i>Risk 2 General Mitigation Strategy</i>	<i>Specific Strategy</i>		<i>Specific Strategy</i>		<i>Specific Strategy</i>	
...						

Risk of Not Proceeding with (Status Quo)

Risk Assessment	Status Quo	
	Probability	Impact
Risk 1 – a description of risk 1	High	Medium
<i>Risk 1 General Mitigation Strategy</i>	<i>Specific Strategy</i>	
...		
Risk 2 – a description of risk 2	Low	Medium
<i>Risk 2 General Mitigation Strategy</i>	<i>Specific Strategy</i>	
...		

Checklist for Risk Assessment

- .. Have all general risks been identified?
- .. Have all risks specific to each alternative been identified?
- .. For each risk, have the specifics of each alternative been taken into consideration when evaluating the probability and impact?
- .. Has a risk mitigation strategy been identified for unacceptable levels of risk?
- .. Have the risks related to Status Quo been identified?

Attachment 8 for Business Case for Acquisitions-Example

Recommendations

Department of Agency:
Contact Person: Telephone: e-mail address:
Acquisition Description:
Date:
Recommendations:

7. INFORMATION TECHNOLOGY

7.1 Information Technology Overview

Information technology is defined as electronic data processing goods and services, telecommunications goods and services, security goods and services, microprocessors, software, information processing, office systems, any services related to the foregoing, and consulting or other services for design or redesign of information technology supporting business processes including personnel. ([G.S. 147-33.81\(2\)](#))

[Senate Bill 1005 \(Appropriations Bill\) of the 2001 Session of the General Assembly](#) set forth requirements, paraphrased as follows:

- Any department desiring to request financial aid of \$100,000 or greater from the State for the purpose of acquiring or maintaining technology shall submit to the State Chief Information Officer (CIO) a statement of its needs, and furnish the CIO with any additional information required by the CIO.
- The CIO shall review the statements of need and perform additional analyses as necessary.
- The CIO shall make recommendations to the Governor regarding the merits of the above requests.

[Senate Bill 991 of the 2003 Session of the General Assembly](#) set forth requirements, paraphrased as follows:

- The CIO shall review all new information technology projects that exceed \$500,000 in lifecycle costs for quality assurance and no agency shall proceed with such an information technology project until the CIO approves the proposal.
- The CIO may suspend any such project that does not maintain quality assurance.
- The CIO shall determine the proper degree of review for projects that are less than or equal to \$500,000 in lifecycle costs.

7.2 Information Technology Instructions

Submission of information concerning requests for information technology projects is required by both the State CIO and OSBM. All agencies submitting expansion requests for IT projects that exceed \$100,000 in total requirements, regardless of funding source, for which funds have not been appropriated, shall complete both the IT Project Portfolio Management Tool (PPM) and the OSBM Worksheet II spreadsheet. The PPM tool is located at <https://www.ppm.state.nc.us/UMTNC/>.

Submissions of IT project information in the online project portfolio tool should be completed by **November 14, 2008**, the same due date as the Worksheet II. Attach the Worksheet II information to the submission in the online tool. For further information on how to submit a request in the online tool, see the 2009-11 IT Expansion Budget Request Instructions at <http://www.scio.state.nc.us/PortfolioManagementInitiative.asp>

The Worksheet II spreadsheet is available from the [OSBM Website](#).

Refer to section 3.9 of [The State of North Carolina Budget Manual](#) for additional details.

8. CAPITAL IMPROVEMENT PLAN & BUDGET

(Revised 8/15/2008)

Capital projects, such as land acquisitions, new construction, rehabilitation of existing facilities, and repairs and renovations, are requested as part of the six-year Capital Improvement Plan and Capital Improvement Budget. The Worksheet III process is used to develop the 2009-15 Capital Improvement Plan, with the first two years of the plan serving as the 2009-11 Governor's Recommended Capital Improvement Budget. Both the Capital Improvement Plan and the Capital Improvement Budget are submitted to the General Assembly at the beginning of the 2009 session in January. One-time major equipment purchases must be requested in the operating expansion budget ([Worksheet II](#)).

The Worksheet III forms are designed to assist OSBM with preparing the six-year Capital Improvement Plan in accordance with [G.S. 143C-8-5](#). **Do not modify the forms.** Contact your OSBM analyst if you have questions or experience technical problems while completing the Worksheet III forms.

Worksheet III forms and all required attachments must be submitted to your OSBM analyst by October 10, 2008.

8.1 Capital Overview

Definitions

Capital Budget Request – any budget request for land acquisitions, new construction, or rehabilitation of existing facilities

Capital Improvement Request – refers collectively to all types of capital improvement requests including *Capital Budget Requests* and *Repair and Renovation Requests*.

Capital Improvement Plan – the Governor's recommended six-year plan for funding statewide capital improvement projects as required by [G.S. 143C-8-5](#). The first two years of the 2009-15 plan become the Governor's recommended Capital Improvement Budget.

Repair and Renovations Request (R&R) – any budget request for roof repairs; structural repairs; repairs to meet federal and State standards; electrical, plumbing, and HVAC repairs; ADA, fire safety, and energy efficiency improvements; renovations to improve existing space; historical renovations; removal of asbestos, lead paint, and other contaminants; and improvements to roads, walks, drives, drainage, and landscaping. Note that comprehensive renovations to a building are considered rehabilitation and should be requested through the Capital Budget Process, not through the Repair and Renovations Process.

****NEW changes since 2007****

- There is a new form, [Worksheet III-NGF Non General Fund Request](#), for the non general fund projects to be authorized by the agency and also the self liquidating bill.

- **Worksheet III-C and Worksheet III-R require that you enter the State Property Complex and Asset numbers for renovation or rehabilitation of existing facilities and for new construction on sites currently owned by the State. The complex and asset numbers can be found on the State Property website at <http://www.ncspo.com/fis/dbRealEstateSearch.aspx> . Do not leave blank; this number will be used to link to State Property and FCAP data.**
- **Provide certified OC-25 Cost Estimates for all projects requested for the 2009-11 biennium; OC-25 Cost Estimates for 2011-15 may be agency generated (not certified by SCO).**

8.1a Worksheet III

Worksheet III forms are used for requesting capital improvement funds and identifying capital improvement needs for the 2009-11 biennial budget and six-year Capital Improvement Plan. The Worksheet III process is divided into two parts and requires the submission of the following forms:

8.1b Capital Budget Requests (land acquisitions, new construction, rehabilitation projects)

Required Forms:

- [*Worksheet III-C Summary*](#) – Lists all Capital Budget Requests and costs in priority order for the six year planning period (2009-15). DO NOT request all of the department's projects in the first two years. This process is intended to identify a department's needs for the next six fiscal years.
- [*Worksheet III-C Capital Budget Request*](#) – Provides project descriptions, justifications, six-year funding schedules, and operating budget impacts for Capital Budget Requests. This form must be completed for every request for the 2009-11 biennium. Priorities, Project Titles and funding must match data listed on the *Worksheet III-C Summary*.
- [*Worksheet III-NGF Non General Fund Request*](#) – Provides project titles, descriptions, project amounts, and receipt sources. This form must be completed for every non-general fund project expected to be funded during the 2009-11 biennium.

8.1c Repair and Renovation Requests

Required Forms:

- [*Worksheet III-R Summary*](#) – Lists all requested R&R projects and costs in priority order for the six year planning period 2009-15. DO NOT request all of the department's R&R projects in the first two years. This process is intended to identify a department's needs for the next six fiscal years.
- [*Worksheet III-R Repair & Renovations Request*](#) – Provides project descriptions, justifications, construction schedules, and operating budget impacts for R&R budget requests. This form must be completed for every request for the 2009-11 biennium. Priorities, Project Titles and funding must match data listed on the *Worksheet III-R Summary*.

8.1d Additional Submission Requirements

The following forms must accompany the Worksheet III in order for a submission to be considered complete:

- [OC-25 Cost Estimate](#)

OC-25 cost estimates are required for every new Capital Budget and R&R project request that is \$100,000 or greater in cost. Provide certified OC-25 cost estimates for all projects requested for the 2009-11 biennium; OC-25 cost estimates for 2011-15 may be agency generated (not certified by SCO). Submissions are accepted with OC-25s that have been submitted to State Construction but which are still in the process of being certified. The OC-25 must be certified before **October 31, 2008**. OC-25s certified more than two years ago must be updated by the State Construction Office.

- *Pertinent FCAP Forms for Repair and Renovation Requests.*

For projects requested in the 2009-11 biennium only.

[G.S. 143C-8-4](#) requires “each proposed repair and renovation expenditure shall be justified by reference to the Facility Condition Assessment Program (FCAP) operated by the Office of State Construction.”

If the State Construction FCAP team has inspected the facility for which a R&R request is submitted, the FCAP summary spreadsheet or full page form describing the relevant deficiency should be included. To obtain copies of an existing FCAP report, contact State Construction’s FCAP unit at 919-807-4135.

New construction projects must include evidence of an approved site or detailed plan of action for land acquisition.

- *All submissions must be sent to OSBM electronically through email or on CD-ROM.*

All forms that make up Worksheet III are in Microsoft Excel format and can be downloaded from OSBM’s website at: <http://www.osbm.state.nc.us/> . OC-25’s can be sent to OSBM as PDF files, which is the same format State Construction uses to email certified OC-25s to state agencies. If you only have a paper copy of the FCAP reports and do not have access to a scanner, OSBM will accept this document in paper format.

- OSBM encourages the use of pictures, master plans, reports, maps, site plans, and other relevant correspondence to support Capital Budget and R&R requests. Please submit these documents electronically *if at all possible*. Otherwise, paper copies may be submitted to OSBM.

8.2 Worksheet III Instructions

8.2a Guidelines Applicable to All Worksheet III Forms

- In any field that requires a dollar amount to be entered, round up to the nearest \$100. Example: \$25,100 – NOT \$25,034
- Do not apply formatting to any data or enter dollar signs in the Worksheet III forms. The forms have been pre-formatted to automatically enter dollar signs, boldface, and other formatting styles.

- R&R requests and Capital Budget requests are considered two separate processes that need to be prioritized independently. For example, the Worksheet III-R Summary should start with R&R Priority 1 and list other R&R priorities in descending order. The Worksheet III-C Summary should start with Capital Budget Priority 1 and list other capital budget priorities in descending order.
- For the purpose of completing the R&R portion of Worksheet III, assume that your department will not receive any funding from the 2008 Repair and Renovations Reserve. The final approved list of projects funded from the 2008 R&R Reserve will not be available before agencies must send Worksheet III to OSBM. If a requested R&R project receives funding from the 2008 R&R Reserve, OSBM will remove the request from the Worksheet III-R process. If a requested R&R project receives partial funding from the 2008 R&R Reserve, OSBM will consider the outstanding funding request as part of the Worksheet III-R process.
- For R&R requests, the General Assembly historically has not been supportive of large, institution-wide reserves. However, it may be acceptable to lump numerous minor projects together at the department level (ex. minor roof repair reserve). Contact your OSBM analyst if you have any questions.
- For consistency across all state agencies and universities, save the Worksheet III Microsoft Excel forms using the following naming conventions:

Worksheet III-C Summary Form
[C-Summary][Department Name].xls
Example: C-Summary Commerce.xls

Worksheet III-C Capital Budget Request
[C-Priority][Institution][Abbreviated Project Title].xls
Example: C-1 UNCW New Parking Deck.xls

Worksheet III-R Summary Form
[R-Summary][Department Name].xls
Example: R-Summary Agriculture.xls

Worksheet III-R R&R Request
[R-Priority][Institution][Abbreviated Project Title].xls
Example: R-4 DENR Zoo ADA Pathway.xls

Worksheet III-NGF Summary Form
[NGF-Summary][Department Name].xls
Example: NGF-Summary Administration.xls

8.2b [Worksheet III-C Summary \(Green Background\)](#)

This form is used to summarize an institution's Capital Budget requests to include land acquisitions, new construction, and rehabilitation projects in priority order. The form includes four pages to allow entry of up to 54 projects. Do not modify the form; use an additional form for 55 or more projects.

- Enter the name of the department in the field at the top of the form. (For the UNC System, Enter Board of Governors). Enter the Department Code. The department code is "00" plus the last two digits of the agency's capital budget code. For example, Agriculture would be "0017" (budget code 40817)
- Column 1 (**Priority**) - Enter the priority for each project starting with the department's overall top priority for land acquisitions, new construction, and

- rehabilitation projects. Do not use the same priority number for more than one project.
- Column 2 (**Project Title**) - Enter a specific project title including the full name of the building when applicable. **Do not** enter a short project description here. Titles should be identical to the titles submitted on the individual project request forms ([Worksheet III-C Capital Budget Request](#)).
 - **Six-Year CI Needs Schedule - Columns 3-8 for each project**
 - **Line a. - (Requirements)** - Enter the total requirements to complete the requested project in the year that funds are needed. If requesting a large-scale project that can be divided into phases, estimate the cost for each phase and enter the requirements across multiple years. The total requirements for the six-year Capital Needs Improvement Schedule should directly correspond to the OC-25 cost estimate. Round the amount up to the nearest \$100 (ex. \$25,100 – NOT \$25,034).
 - **Line b. - (Receipts/Other)** - Enter the total amount of non-General Fund monies that will support the requirements shown in the six year needs schedule on Line a. Enter a “0” if requirements will be entirely supported by General Fund appropriations. Round the amount up to the nearest \$100.
 - **Line c. - (Appropriation/General Fund)** - This column subtracts the Estimated Non-General Fund (Receipts) from the Total Requirements.
 - At the bottom of the form, enter the agency contact information. This should be the staff person that coordinates requests from divisions/campuses and assembles the department’s overall submission to OSBM.

8.2c [Worksheet III-C Capital Budget Request](#)

This form is used to provide detailed project information about land acquisition, new construction, and rehabilitation requests. This form **must be completed for every project** requested for the **2009-11 biennium**; applicable data should be identical to that shown on the [Worksheet III-C Summary](#).

- Line 1 (**Priority No.**) - Enter the department priority for the specific Capital Budget Request. This should match the priority shown on the Worksheet III-C Summary List. (**Date**) - Enter the date that the submission is forwarded to OSBM.
- Line 2 (**Department**) - State agencies enter the department name. UNC system enters Board of Governors. (**Division**) - State agencies enter the division name. UNC system enters the specific campus.
- Line 3 (**Project Title**) - Enter the title of the requested project as shown on the Worksheet III-C Summary List. (**Location**) - Enter the county where the requested project is located.

- **Line 4 (Contact, Phone, Email)** - Enter the contact name, phone, and email. This person will be contacted should OSBM have a specific question about the requested project. You may choose to list the division/campus contact here or you may enter the department's contact.
- **Line 5a (Requirements)** - Enter the total requirements to complete the requested project in the year that funds are needed. If requesting a large-scale project that can be divided into phases, estimate the cost for each phase and enter the requirements across multiple years. The total requirements for the six-year Capital Needs Improvement Schedule should directly correspond to the OC-25 cost estimate.
- **Line 5b (Receipts/Other)** - Enter the total amount of non-General Fund monies that will support the requirements shown in the six year needs schedule on Line 5a. Enter a "0" if requirements will be entirely supported by General Fund appropriations.
- **Line 5c (Appropriation/General Fund)** - This line subtracts Line 5b from Line 5a.
- **Line 6 (Sources of Receipts)** - Identify the source of any receipts or non-General Fund monies that are shown on Line 5b.
- **Line 7 (Type of Project)** - Mark an "X" beside **only one** of the project categories. If a capital construction request includes land acquisition and new construction, please mark "New Facility." In this case, provide details and a status report on the land acquisition in Line 8 (Project Description).

(General Information) - Please answer ALL questions.

- **Line 8 (Project Description)** - Provide a brief **description** of the project to include:
 - an explanation of how the capital request furthers the department's mission
 - extent of work, including square footage by use (Example: The addition adds 10,000 s.f. of office space and 1,500 s.f. of lab space.)
 - number of employees affected by the request (Example: The addition provides space for 10 lab technicians currently housed in crowded conditions.)
 - age and condition of existing facility
- **Line 9 (Agency Selection Criteria)** - Mark an "X" beside criteria used to designate the project as a capital priority. If an "X" is marked in "Other," specify the criterion in the field directly below.
- **Line 10 (Project Justification)** - This is the most important field on the Worksheet III-C. OSBM places heavy emphasis on an agency's justification when prioritizing capital projects. Explain the need for the requested project and the expected impacts. This is also the field in which Agency Selection Criteria in Line 9 should be supported and justified. Make sure the following questions are addressed for each Agency Selection Criteria that you checked in Line 9:

Health & Safety Considerations

- Identification of threats to the public and employees;
- Probability of the health and safety threat occurring.

Critical Timing

- On Line 12a, explain how the request impacts the start or completion of another capital project.

Agency Mission & Goals

- Explain how the request is consistent with the agency's mission and goals;
- Identify if the request is on the agency's long range master plan.

Growth/Demand for Governmental Services

- Impact of project on governmental service delivery over the next six years;
- Include any performance measures to document current and projected service levels. (Example: Projected prison population over next six years and current available capacity.)

Program Effectiveness

- Degree to which the request improves program effectiveness or increases program capacity other than "simple" addition of space.

Operational Efficiency

- Complete the Operational Costs and Savings Table (Lines 13-21) on the *Worksheet III-C Budget Request Form*. (You may provide additional narrative details on operating efficiencies in Line 10).
- For requests that realize energy savings through increased efficiency, make sure to quantify cost savings in Line 17 and provide a written description of how these savings will be achieved in Line 10.

Cost Benefit Analysis

- Describe all other alternatives that were considered and why the specific project request was chosen as the best alternative.

Economic Development

- Describe the project's direct impact on economic development.
- If possible, describe the types of jobs created and estimate the number.
- Explain any potential indirect impacts.

Environmental Hazards

- Identify any environmental hazards that are reduced or removed.
- Describe the severity of the environmental threat and the risk to the public and state employees.

Preservation or Improved Use of Existing Space

- Description of any historic value and preservation activities;
- Explanation of current space deficiencies and the impact of the requested project. OSBM strongly recommends that capital requests to improve existing space be supported by a spatial analysis performed by the State Property Office.

- **Line 11 (Estimated Schedule of this Project)** - For the estimated project schedule, assume that funds are authorized and available to agencies and universities as of July 1, 2009. Enter the estimated date (Example: 5/1/2008) for each of the four fields.
- **Line 12** - If the requested project must be completed before another capital project can move forward, mark “Y.” Explain this timing issue in Line 12a. Otherwise, mark “N.”

Operational Costs & Savings Table

This table is intended to capture net operating costs and savings as a direct result of the requested project. For example, if a requested new building will cost \$30,000 more in energy costs to operate than the existing building, identify the \$30,000 as an operating cost increase. Input a minus for savings. For example, if a requested project will reduce maintenance costs by \$1,000 per year, enter “-1,000.”

- **Line 13 (Fiscal Year)** - In the first column, enter the fiscal year that the agency will realize any type of savings or increased costs from the requested project (Example: 2009-10). Enter the subsequent fiscal years in the next four columns.
- **Line 14 (Positions)** - Enter the increase or decrease in FTEs as a direct result of the requested project carried over five years of operations. Example: If the project results in the elimination of one FTE in the second year of operation, enter “-1.0” under columns two through five.
- **Line 15 (Personnel)** - Enter the increase or decrease in personnel costs that are a direct result of the requested project carried over five years of operations. The changes in cost should correspond to the position increases or reductions reported in Line 14.
- **Line 16 (Maintenance)** - Enter the increase or decrease in maintenance costs that are a direct result of the requested project carried over five years of operations. Example: For a re-roofing project, if the leaking roof has averaged \$1,000 in repairs every year to patch leaks, enter “-1,000” under columns one through five. Your OSBM analyst may contact you to obtain documentation verifying projected maintenance cost savings.
- **Line 17 (Energy/Other Operating)** - Enter the increase or decrease in energy expenses or other operating costs not captured in this table. If you claim operating savings from improved energy efficiency, your OSBM analyst will contact you to obtain documentation showing that such energy savings are likely to be generated from the requested project.
- **Line 18 (Equipment/Furnishings)** - Enter the amount of **operating** funds required to equip and furnish the requested project that are *in addition to construction costs and not requested as part of this capital request*.
- **Line 19 (Replace Leased Space)** – Enter the yearly savings (as a minus number) from moving state employees from rented space to new or renovated State-owned facilities.

- Line 20 (**Receipts**) - If the requested project results in an increased cost to the State, enter the amount of Non-General Fund monies that are used to support the increased operating costs. Enter a “0” if the increased operating costs are supported entirely by the General Fund or the project results in a cost savings.
- Line 21 (**Appropriations**) - This line subtracts Line 19 from Line 20.
- Line 22a – If you report any additional operational costs that are funded by receipts generated from increasing rates, enter “Y.” If you enter “Y” and statutory changes are required to increase those fees, enter “Y” in the next field.
- Line 22b – (**Source of Receipts**) - Identify all sources of receipts that are used to offset increased operating costs reported in the Operational Costs & Savings Table. (**Proposed Rate Change**) - If you answered “Y” to a rate increase in Line 22a, state the current fee and the proposed fee increase here.
- Line 23 - Describe in detail where the site of new construction will be located.
- Line 24 - If the site is owned by the State of North Carolina, enter “Y.” If the site is in the process of being purchased or has not been purchased, enter “N.”
- Line 25 - If the proposed site in Line 24 is approved by the State Property Office, enter “Y.” If the site is still pending approval or has not been approved, enter “N.”
- Line 26 - Enter the State Property Complex and Asset numbers. The complex and asset numbers can be found on the State Property website at <http://www.ncspo.com/fis/dbRealEstateSearch.aspx> . If this project includes several buildings or for a new building on a state-owned site, put “x” in the asset blank and fill in the county and complex numbers. If the project is at multiple sites in multiple counties, fill “101” in the county and “x” in the complex and asset blanks. Do not leave blank; this number will be used to link to State Property and FCAP data.
- Line 27 - If the building or facility has been inspected by a FCAP team, enter “Y.” If not, enter “N” and proceed to Line 29. If you entered “Y,” attach the summary sheet or pertinent pages of the FCAP report. Contact the State Construction FCAP section at 919-804-4135 if you have questions about whether or not an FCAP report exists for the facility.
- Line 28 - If the project request was a deficiency identified in the FCAP team’s report, enter “Y.” Otherwise, enter “N.” If you answered “Y,” include the pertinent pages of the FCAP report in your electronic submission to OSBM. Identify the file name that was used to save the associated FCAP report in the second field on Line 27.
- Line 29 (**Required Attachments**) - **DO NOT leave any of these fields blank.** Enter “Y” beside all attachments that are included with the requested project. In the field to the right of “OC-25,” enter the name of the file used to save the OC-25.

If one of the documents is not required, enter “NR.” For example, if the project request is for a new construction project in 2010, enter “NR” beside FCAP Report.

- Refer to [Section 8.1d Additional Submission Requirements](#) of the Budget Instructions which outlines in detail the attachments that **must** accompany a Worksheet III-C submission.

8.2d [Worksheet III-R Summary \(Yellow Background\)](#)

This form is used to summarize your department’s repair and renovation projects in priority order. The form includes four pages to allow entry of up to 54 projects. Do not modify the form; use an additional form for 55 or more projects.

Complete the Worksheet III-R Summary for R&R projects by following the same instructions for the [Worksheet III-C Summary](#) form.

8.2e [Worksheet III-R Repair & Renovations Request](#)

This form is used to provide detailed project information about your repair and renovation requests. This form **must be completed for every project** requested for the **2009-11 biennium**; applicable data should be identical to that shown on the [Worksheet III-R Summary](#) form.

- Line 1 (**Priority No.**) - Enter the department priority for the specific R&R project. This should match the priority shown on the R&R Summary List Form. Do not use the same priority number for more than one project. (**Date**) - Enter the date that the submission is forwarded to OSBM.
- Line 2 (**Department**) - Enter the department name. (**Division**) - Enter the division name.
- Line 3 (**Project Title**) - Enter the title of the requested project as shown on the R&R Summary List Form. (**Location**) - Enter the county where the requested project is located.
- Line 4 (**Contact, Phone, Email**) - Enter the contact name, phone, and email. This person will be contacted should OSBM have a specific question about the requested project. You may choose to list the division contact here or you may enter the department’s contact.
- Line 5 (**Requirements**) - Enter the total requirements to complete the requested project in the year that funds are needed. If you are requesting a *large-scale project* that can be divided into phases, estimate the cost for each phase and enter the requirements across multiple years. The total requirements for the six-year Capital Needs Improvement Schedule should directly correspond to the OC-25 cost estimate.
- Line 6 (**Receipts/Other**) - Enter the total amount of non-General Fund monies that will support the requirements entered in the six year needs schedule on Line 5. Enter a “0” if requirements will be entirely supported by General Fund appropriations.

- Line 7 (**Appropriation/General Fund**) - This line subtracts Line 6 from Line 5.
- Line 8 (**Sources of Receipts**) - Identify the source of any receipts or non-General Fund monies shown on Line 6.
- Line 9 (**Type of Project**) - Mark an “X” in each of the 16 categories that describe the requested project. If you mark the box for “Other,” describe the category in the space below.
- Line 10 (**Project Description & Justification**) - Enter a description and justification of the project to include:
 - type of project
 - extent of work including square footage
 - need for the project
 - age and condition of facility
 - date of last significant repair or improvement
 - relationship to other projects planned or under construction
 - *for large-scale projects*, include a short description of other alternatives considered and why the requested project is the preferred solution.
- Line 11 - Enter the State Property Complex and Asset numbers. The complex and asset numbers can be found on the State Property website at <http://www.ncspo.com/fis/dbRealEstateSearch.aspx> . If this project includes several buildings, put “x” in the asset blank and fill in the county and complex numbers. If the project is at multiple sites in multiple counties, fill “101” in the county and “x” in the complex and asset blanks. Do not leave blank; this number will be used to link to State Property and FCAP data.
- Line 12 - Estimate the percentage of the total project cost that is directly related to energy efficiency improvements and enter here. Enter the expected energy savings per year. Your OSBM analyst may contact you to obtain documentation verifying projected energy efficiency improvements.
- Line 13 - Include an OC-25 Cost Estimate with your submission and check “Y.” **Project requests that do not have an OC-25 will not be considered by OSBM.** Provide certified OC-25 cost estimates for all projects requested for the 2009-11 biennium; OC-25 cost estimates for 2011-15 may be agency generated (not certified by SCO). The OC-25s are not required to be certified when you submit the *Worksheet III* to OSBM. The OC-25 will have to be certified by **October 31, 2008.**
- Line 13 - Include an OC-25 Cost Estimate with your submission and check “Y.” **Project requests that do not have an OC-25 will not be considered by OSBM.** The OC-25s are not required to be certified when you submit the *Worksheet III* to OSBM. The OC-25 will have to be certified by **October 31, 2008.**

In the next field on Line 13, identify the file name that was used to save the associated OC-25 cost estimate.

- Line 14 - If the building or facility has been inspected by a FCAP team enter “Y.” If not, enter “N” and proceed to Line 16. If you enter “Y,” attach the summary sheet or pertinent pages of the FCAP report. Contact the State Construction FCAP section at (919) 804-4135 if you have questions about whether or not an FCAP report exists for the facility.

In the next field on Line 14, enter the date of the FCAP report or the year on the deficiency form (ex. Def. No. 05-G003 would be the year 2005).

- Line 15 - If the project request was a deficiency identified in the FCAP team’s report, enter “Y.” Otherwise, enter “N.” If you answered “Y,” include the pertinent pages of the FCAP report in your submission to OSBM.

In the second field on Line 15, show the total value of deficiencies shown in the FCAP report.

- Line 16 – Enter the age category of the building(s) - 1-10, 11-25, 26-50, or 50+ years. In the second field on Line 16, enter the insured value (CRV) of the building(s)
- Line 17 - If this project has been planned previously, either through previous appropriations or advance planning authorization, enter “Y.” If the project has not been planned or only has minimal design work completed, enter “N.”

If you answered “Y,” enter the year the project was first requested in the second field of Line 16 and provide a brief background of the request’s history in Line 10 (Project Description & Justification).

- Line 18 - If the General Assembly has mandated the project in legislation, enter “Y.” Otherwise, enter “N.” If you answer “Y,” cite the legislation or other evidence of legislative mandate in Line 10 (Project Description & Justification).
- Line 19 (**Estimated Schedule of this Project**) - For the estimated project schedule, assume that funds will be authorized and available to agencies as of July 1, 2009. Enter date (Example: 8/1/2009) for each of the four fields.
- Line 20 (**Impact on Operating Budget**) - If the project impacts the operating budget, enter “Y.” If you enter “Y,” complete Lines 21-29. Otherwise, enter “N” and STOP HERE.
- Line 21 (**Fiscal Year**) - In the first column, enter the first fiscal year that the agency will realize any type of additional operating costs or savings from the requested project (Example: 2008-09). Enter the subsequent fiscal years in the next four columns. Enter a negative if you have savings.
- Line 22 (**Positions**) - Enter the increase or decrease in FTEs that are a direct result of the requested project carried over five years of operations. Example: If the project

- results in the elimination of one FTE in the second year of operation, enter -1.0 under columns two through five.
- **Line 23 (Personnel)** - Enter the increase or decrease in personnel costs that are a direct result of the requested project carried over five years of operations. The changes in cost should correspond to the position increases or reductions reported in Line 22.
 - **Line 24 (Maintenance)** - Enter the increase or decrease in maintenance costs that are a direct result of the requested project carried over five years of operations. Example: For a re-roofing project, if the leaking roof has averaged \$1,000 in repairs every year to patch leaks, enter “-1,000” under columns one through five. Your OSBM analyst may contact you to obtain documentation verifying projected maintenance cost savings.
 - **Line 25 (Energy/Other Operating)** - Enter the increase or decrease in energy expenses or other operating costs not captured in this table. If you claim operating savings from improved energy efficiency, your OSBM analyst will contact you to obtain documentation showing that such energy savings are likely to be generated from the requested project.
 - **Line 26 (Equipment/Furnishings)** - Enter the amount of operating funds required to equip and furnish the requested project that are *in addition to construction costs and not requested as part of this capital request*.
 - **Line 27 (Replace Leased Space)** – Enter the yearly savings (as a minus number) from moving state employees from rented space to new or renovated State-owned facilities. .
 - **Line 28 (Receipts)** - If the requested project results in an increased cost to the State, enter the amount of non-General Fund monies used to support the increased operating costs. Enter a “0” if the increased operating costs are supported entirely by the General Fund.
 - **Line 29 (Appropriations)** - This line subtracts Line 28 from “Total Requirements...”.

8.2f Worksheet III-NGF Non General Fund Request – Provides project titles, descriptions, project amounts, and receipt sources. This form must be completed for every non-General Fund project expected to be funded during the 2009-11 biennium. Capital projects funded entirely from non-General Fund sources must be authorized by the General Assembly pursuant to G.S. 143C-8-7.

- Enter the name of the department in the field at the top of the form. (For the UNC System, Enter Board of Governors).
- **Column 1 (Item No.)** - Enter a number for each project requested from non-General Fund sources. This list does not have to be prioritized.

- Column 2 (**Division/Institution**) - State agencies enter the appropriate division for each request here. UNC Board of Governors enters the name of the campus for each requested project.
- Column 3 (**Project Title**) - Enter a specific project title including the full name of the building when applicable.
- Column 4 (**Description**) – Enter a short description of the project.
- Column 5 (**Receipts Source**) - Identify the source of any receipts, gifts, grants, or other non-General Fund monies that are shown in column 6.
- Column 6 (**Amount**) - Enter the total amount of Non-General Fund monies that will be used to complete the project. Round the amount up to the nearest \$100.
- At the bottom of the form, enter the agency contact information. This should be the staff person that coordinates requests from divisions/campuses and assembles the department's overall submission to OSBM.
- The form allows entry of up to 30 projects. Do not modify the form; use an additional form for 31 or more projects.

8.3 Capital Improvement Attachments

- [Attachment 8-1: Worksheet III-C Summary](#)
- [Attachment 8-2: Worksheet III-C Capital Budget Request](#)
- [Attachment 8-3: Worksheet III-R Summary](#)
- [Attachment 8-4: Worksheet III-R Repair & Renovations Request](#)
- [Attachment 8-5: Worksheet III-NGF Summary](#)
- Attachment 8-6: [OC-25 Cost Estimate](#)

Worksheet III-C Summary

2009-15 Capital Improvements Plan - Capital Budget Request

Department:

Dept Code:

Priority	Project Title	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
1	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
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	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 1	Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Name:
Phone:
Email:

Report Date:

Worksheet III-C Capital Budget Requests

2009-15 Capital Improvement Plan

1 Priority No. Date:

2 Department: Division/Institution:

3 Project Title: Location (County):

4 Contact: Phone: Email:

5 Six-Year Capital Improvement Needs Schedule:

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
5a Requirements:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ -
5b Receipts:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	\$ -
5c Appropriations:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

6 Source(s) of Receipts:

7 Type of Project: (Mark "X" choosing only one)

- New Facility
- Addition to Existing Facility
- Major Renovation/Rehab
- Renovate for New Use of Facility
- Land Acquisition
- Other (describe below)

General information: (Mark "Y or N")

- Will this project replace an existing facility? (Y/N)
- Will this project replace leased space with state-owned facilities? (Y/N)
- Was the allocation mandated by the General Assembly? (Y/N)
- Has advance planning been done for this project? (Y/N)
- Has there been a prior partial appropriation for this project? (Y/N)
- Prior appropriation in FY Amount:
- Has funding for this project been requested previously? (Y/N)
- Year first requested:

8 Project Description (include short description of type, nature and extent of work required):

9 Agency Selection Criteria (Mark "X" beside the important criteria used for designating this project as a capital priority. Describe in "Project Justification")

- | | |
|--|---|
| <input type="checkbox"/> Health & Safety Considerations | <input type="checkbox"/> Cost Benefit Analysis |
| <input type="checkbox"/> Critical Timing Issue | <input type="checkbox"/> Economic Development |
| <input type="checkbox"/> Agency Mission & Goals | <input type="checkbox"/> Environmental Hazards |
| <input type="checkbox"/> Growth/Demand for Governmental Services | <input type="checkbox"/> Preservation or Improved Use of Existing Facility |
| <input type="checkbox"/> Program Effectiveness | <input type="checkbox"/> Other (Please Specify Criterion): <input type="text"/> |
| <input type="checkbox"/> Operational Efficiency | |

Worksheet III-C Capital Budget Request (cont.)

10 Project Justification (summarize the need for the project and the expected impact. Describe and justify each of the Agency Selection Criteria in line 9 above.):

11 Estimated Project Schedule (dates):

Begin Design: Begin Construction: Project Completion: Occupancy:

12 Does completion of this project impact the start or completion of another capital project? (Y/N) If yes, please explain.

12a

Operational Costs & Savings (submit net operating impact of capital project):

(show savings or reductions as a negative number)

		First Year of Operation	Second Year of Operation	Third Year of Operation	Fourth Year of Operation	Fifth Year of Operation	Total
13	Fiscal Year						
14	Positions (increase or reduction in FTE)						0
15	Personnel (Additional cost or savings)						\$ -
16	Maintenance (Additional Costs or savings)						\$ -
17	Energy/Other Operating (Additional Costs or savings)						\$ -
18	Equipment./Furnishings (not Incl. in Const. Request)						\$ -
19	Replace Leased Space (savings only)						\$ -
20	Total Requirements (or savings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Receipts						\$ -
	Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

22a If operational increases will be supported by receipts, will fees have to be increased? (Y/N): If Y, are statutory changes required?:

22b Source of receipts: Proposed rate change:

23 If new construction, where is the proposed location?

24 Is the proposed site currently owned by the State of North Carolina? (Y/N)

25 Has this proposed site been approved by the Office of State Property?(Y/N)

26 State Property No. 1 - (county) - (complex) Asset No:

27 Has this facility been inspected by the State Construction Office's F-CAP team? (Y/N): FCAP File Name:

28 Was the requested project included in their review? (Y/N):

29 Required Attachments (Mark "Y" or "N" or "NR")

OC-25 Cost Estimate

Land Acquisition Plan (new construction projects only)

FCAP Report (Only projects requested in the 09-11 biennium)

Other Supporting Documents (Site plans, master plans, etc.)

Worksheet III-R Summary

2009-15 Capital Improvements Plan - Repair & Renovation

Department:

Dept Code:

Priority	Project Title	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
1	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
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	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
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	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Requirements							\$ -
	Receipts							\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 1	Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Name:
Phone:
Email:

Report Date:

Worksheet III-R Repair and Renovation Request

2009-15 Capital Improvement Plan

1 Priority No. (Priority for Repair & Renovation projects) Date:

2 Department: Division/Institution:

3 Project Title: Location (County):

4 Contact: Phone: Email:

Six-Year Capital Improvement Needs Schedule:

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
5 Requirements							\$ -
6 Receipts/other							\$ -
7 Appropriation/General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

8 Source(s) of Receipts:

9 Type of Project: (Mark "X" for all that apply)

<input type="checkbox"/> Roof Repair/Replacement	<input type="checkbox"/> HVAC	<input type="checkbox"/> Renovations to Improve Use of Existing Space
<input type="checkbox"/> Structural Repairs	<input type="checkbox"/> Americans with Disabilities Act	<input type="checkbox"/> Historical Restoration
<input type="checkbox"/> Federal/State Mandate	<input type="checkbox"/> Fire Safety	<input type="checkbox"/> Improvements to Roads, Walks, Drives and Utilities
<input type="checkbox"/> Electrical	<input type="checkbox"/> Energy Efficiency	<input type="checkbox"/> Drainage and Landscape Improvements
<input type="checkbox"/> Plumbing	<input type="checkbox"/> Asbestos, Hazardous Materials, UST	<input type="checkbox"/> Other (describe below)
		<input type="text"/>

10 Project Description & Justification (include short description of type, nature and extent of work required, the need for the project, and the expected impact):

11 State Property No: 1 - (county) - (complex) Asset No:

12 Percentage of total expenditure related to energy efficiency improvements:

13 Is an approved OC-25 Cost Estimate attached? (Y/N):

14 Has facility been inspected by the State Construction Office's FCAP Team? (Y/N):

15 Was the requested project included in their review? (Y/N):

16 Age of building(s): yrs
(1-10; 11-25; 26-50; 50+ yrs)

Expected energy savings/yr.

OC-25 file attached:

FCAP report file attached:

Total value of FCAP deficiencies:

Insured value building(s):

Worksheet III-R Repair & Renovation Request (cont.)

17 Has this project been previously planned? (Y/N): Year first requested:
 18 Was the allocation mandated by the General Assembly? (Y/N):

19 Estimated schedule of this project:

Begin design: Begin Construction: Complete Construction: Occupancy:

Impact on Operating Budget

20 Does the requested project impact the operating budget? (Y/N): If yes, describe below

		First Year of Operation	Second Year of Operation	Third Year of Operation	Fourth Year of Operation	Fifth Year of Operation	Total
21	Fiscal Year						
22	Positions (Increase or Reduction in FTE)						
23	Personnel (Annual Cost or Savings)						\$ -
24	Maintenance (Annual Cost or Savings)						\$ -
25	Energy/Other Operating (Annual Cost/Savings)						\$ -
26	Equip./Furnishings (Not Incl. in Construction)						
27	Replace Leased Space (savings only)						\$ -
	Total Requirements or Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Receipts						\$ -
29	Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Please identify, on an annualized basis, any additional costs or savings (reductions) that will result from the completion of this project). Do not include construction costs.

Department:

Item No.	Division/Institution	Project Title	Description	Receipts Source	Amount
TOTAL:				\$	-

Contact:
 Name:
 Phone:
 Email:

Date Submitted:

STATE CONSTRUCTION OFFICE WORKSHEET FOR 2007 – 2009

Repair & Renovation
Capital Improvement
(New Construction or Major Renovation)

Name of Department:

Division or Institution:

Contact person:

Phone No.:

Project priority: of total projects

Location (County/Nearest Town):

Email Address:

Brief title:

Total Est. Project Costs:

Date of this Estimate*:

Previously, has an OC-25 been certified for this project? Yes No

If so, give OC-25 No.

Description of project: *(include an adequately detailed project description, the need for the project, the extent of work required, whether a new building is required, an addition to an existing building, and/or renovation of an existing building.)*

Proposed Project Schedule

Estimated date funds will be allocated:

Estimated date of designer selection by State Building Comm. or Bd. of Governors:

Estimated date for execution of design contract:

Estimated date for initial design submittal for review:

Estimated date for submittal of working drawings for review:

Estimated date for receipt of bids:

Estimated date for starting construction:

Estimated date of construction midpoint:

Estimated date of project completion:

No. of months from Estimate Date* to construction midpoint: (Escalation period on OC-25)

Specify amount of owner's contingency needed for this project:

(Justify a contingency above 5% for Repair & Renovation and 3% for New Construction.)

R&R and Capital Improvement (Major Renovation)

N/A

If this project involves renovation of, or an addition to an existing building, the following information is needed relative to the project(s) involved. (If more than one building is included in the project, duplicate and complete this portion for each building.)

Name of building described below:

Yes No – Has this project been included in an FCAP report from the State Construction Office?

If so, attach a copy of the applicable portions of that report, which indicates the date of the report, recommended work, priority, and the estimated cost.

Original building completion date (year):

Yes No – Is the building on a Historic Register?

Yes No – Is the building in a Historic District?

Type of original construction:

Wood Masonry Steel Concrete Metal Building

Approximate dates and types of previous renovations/additions:

Yes No – Has there been an asbestos survey of the building?

Yes No – Is an asbestos containing material (A.C.M.) present?

Is the total quantity of A.C.M. considered major or minor ?

Yes No – Has there been a lead-based paint survey?

Yes No – Is lead-based paint present? If so, describe general locations:

Yes No – Will environmental sustainability and energy use goals be set using a design standard such as the “High Performance Guidelines” or “LEED™”?

Portions of the building to be renovated, if not entire building:

Total square footage of this building: _____ Sq.Ft. Is this SF net or gross ?

Approximate square footage to be renovated within the building: _____ SF

Yes No – Will the roof be repaired/replaced in this project? If not, give date (or estimated date if no records are available) of last major roof repair or replacement:

Yes No – Does this project include any ADA compliance work?

Yes No – Does this project include any Department of Insurance items or Life Safety Code Items?

If so, specify items previously reported that would be corrected. (If necessary, attach a copy of the letter which references these items.)

Complete the checklists for each discipline attached with this worksheet. (You must indicate N/A if not applicable for the work proposed.)

Signature of person submitting worksheet: _____ Date: _____

Capital Improvement Projects (New Construction)

N/A

Yes No – Will this project be constructed on a new undeveloped site? If not, briefly describe the type of development on the site:

Yes No – Is there an existing building(s) which will require removal or demolition? If so, give the approximate square footage: _____ and number of stories: _____

Yes No – Are there any existing underground storage tanks? If so, give the approximate size: _____ and number of tanks: _____

Yes No – Are there any underground or above ground utility lines that will require relocation? If so, specify type of utility, and whether underground or overhead:

Describe any unusual site conditions (steep slope, rock, wetlands, unsuitable soil, etc.):

Yes No – Does the site presently have all required utilities for the proposed project? If not, indicate the utilities to be extended to the site:

Complete the checklists for each discipline attached with this worksheet. (Indicate N/A if not applicable for the work proposed.)

Signature of person submitting worksheet: _____ Date: _____

Certification Information Forms

GENERAL

N/A

- Yes No – Has any advanced planning or programming been done? If Yes, please provide a copy of the scope and the cost estimate.
- Yes No – If No, does the schedule include time for the Designer to do a programming phase prior to beginning schematic design?
- Yes No – Will environmental sustainability and energy use goals be set using a design standard such as the “High Performance Guidelines” or “LEED™”?
- Yes No – Does the schedule allow for an average 30-30-60 days at each submittal for agency reviews?
- Yes No – Has the Owner allowed for his agency review time if it is not concurrent with other review agencies?
- Yes No – Does the estimated construction time allow for the Owner to move, upfit or install furniture and equipment after the time of completion for the work?
- Yes No – Will building commissioning of major systems be required for this project?
- How was the cost estimate determined? (SF basis, similar project, component cost, contractor, designer)

REPAIR & RENOVATION PROJECTS

N/A

- Important:** What is the type, age and condition of the roofing over the area being renovated?
- Yes No – Will this project require work of any type to be done on the roof?

ROOFING REPAIR OR REPLACEMENT PROJECTS

N/A

- Yes No – Is the existing roof system under warranty? Expiration date?
- Is the low slope (flat) or a steep slope roof?
- Is the roof plan basically one level or multi-levels ? Height? (feet stories)
- Existing system is: BUR ; Single ply ; Shingles ; Slate ; Wood ; Metal ; Other
- What is the estimated age and condition of the existing roofing?
- Yes No – Has there been a roof condition assessment or survey done?
- Will this be a total replacement , or possibly a recover of the existing roofing?
- What is the existing roof deck system? Metal deck ; Concrete ; Wood .
- What is the deck's present condition? Unknown ; Good ; Fair ; Poor .
- Yes No – Has the cause and location of the roofing failure been determined?
- Is there a lot , some , or no equipment/penetrations on the roof?
- What additional work is needed other than roofing? (gutters, downspouts, fascia, trim, equipment, painting, etc.?)
- Yes No – Is there any slope in the existing roofing system?
- Is the slope in the structure , or was tapered insulation used ?
- Will analysis be done regarding potential benefits of the following items? (Check if applicable.)
 - Incorporation of roof insulation in excess of that required by code
 - Daylighting
 - Rainwater collection
 - Roof surface reflectivity
 - Life cycle cost
- What roofing system would you propose as the roofing replacement?

CIVIL/STRUCTURAL

N/A

Repair & Renovation Projects:

1. Yes No – Is any of the property within a regulatory floodplain? If so:
2. Yes No – Is the Building within the floodplain? **If so:**
3. Yes No – Is the finished floor elevation at least 2 feet above the 100-year flood elevation?
4. Yes No – Are the proposed renovations valued at greater than 50% of the current market value of the building itself?
5. Yes No – Is any associated “development” (grading, paving, etc.) within the floodplain?
6. Yes No – Will the proposed project impose significant new loads, such as roof-top HVAC equipment, high density filing systems, operable folding partitions, etc.?
7. Yes No – Upon completion of the renovation, will the nature of occupancy result in the building’s classification as an “essential” facility as defined by the North Carolina State Building Code? “Essential” facilities include fire, rescue, or police stations, primary communications facilities, surgical or emergency medical facilities in Group I (institutional) complexes, and emergency power generating stations.

New Projects:

1. Yes No – Is any portion of the proposed property within a regulatory floodplain?
2. Yes No – Is the proposed Building within the floodplain? **If so:**
 Yes No – Can the finished floor elevation of the building be established at least 2 feet above the 100-year flood elevation without creating operational difficulties or requiring excessive amounts of fill?
 Yes No – Is any associated “development” (grading, paving, etc.) within the floodplain?
If so:
3. Yes No – Does the development encroach upon a regulatory floodway?
4. Yes No – Does the development alter the watercourse?
5. Yes No – Is the topography of the proposed site suitable for development?
6. Yes No – Will significant cut or fill be required?
7. Yes No – Does the site possess sufficient space for access drives and parking?
8. Yes No – Is any information available regarding subsurface conditions previously encountered on this property or adjacent property?
9. Yes No – If a pre-engineered metal building will be used, will the exterior walls be standard corrugated metal cladding or masonry?

HVAC SYSTEMS: (Check if applicable)

N/A

1. Anticipated HVAC system:
2. - Complex – Central system (ex.: chiller, boiler, central VAV air handlers)
3. - Less Complex – Distributed system (ex.: split system heat pumps)
4. - Simple – (ex.: gas pack, split systems)
5. - Heat and/or ventilation only
6. - Other:
7. Yes No – Will an HVAC system be demolished and/or replaced?
8. Yes No – Will ceiling and light fixtures need to be removed/replaced to allow HVAC renovations?
9. Yes No – Will HVAC system repairs or renovations require asbestos abatement?
10. Yes No – If work involves replacement of a chiller within a mechanical room, has emergency refrigerant exhaust and other safeties been considered in the cost estimate?

11. Yes No – Does the work involve the replacement or installation of underground piping systems? If so, indicate the systems involved and approximate linear feet of piping.
12. Yes No – Will targets be established for annual energy use and costs for this building or renovated space?
13. Yes No – Will an integrated design approach, including computer modeling, be used to minimize HVAC loads and equipment size through the design of the envelope, lighting, daylighting, insulation and coatings?

PLUMBING SYSTEMS: (Complete if applicable)

N/A

1. How far will underground utilities need to be extended to serve this building? (i.e.: are utilities readily available on site?) Indicate "X" if no extension is required.
2. ft. – Domestic Water
3. ft. – Fire Sprinkler Water (adequate flow and pressure?)
4. ft. – Sanitary Sewer
5. ft. – Storm Drainage
6. ft. – Natural Gas
7. List any special plumbing system required (ex.: compressed air, vacuum, DI water, etc.):
8. Are fire sprinklers intended for this facility? Yes No – **If so**, continue.
9. What type of system is anticipated? wet , dry pipe , or both .
10. Is a fire pump anticipated? Yes No
11. Will the entire building be sprinklered? Yes No – If not, what square footage will be sprinklered? () sq.ft.

ELECTRICAL SCOPE OF WORK

N/A

(PROVIDE A NARRATIVE OF THE INTENDED WORK.)

Electrical Checklist – (Considerations for costs when evaluating electrical work.)

1. How far will underground utilities need to be extended to serve this building? (i.e.: are utilities readily available on site?)
2. Check all of the following items that will be included in the scope of this project:
 - Load study.
 - Removal of the existing primary distribution system.
 - New primary system.
 - Removal of the existing telephone service.
 - New telephone service and connection to local telephone utility.
 - Removal of the secondary distribution system.
 - Installation of the new secondary distribution system.
 - Indoor lighting.
 - Outdoor lighting.
 - Security lighting.
 - Emergency power source.
 - New telecommunication systems.
 - New data system.
 - Lightning protection system.
 - Fire pump.
 - Fire alarm system.
 - Grounding system.

9. GLOSSARY OF BUDGET TERMS

See the [Budget Manual, State of North Carolina, updated on July 1, 2008](#) on the OSBM website for additional state budget terms.

Annualization

This refers to the process of establishing a full fiscal year budget for items that were funded only for a portion payable amount in the authorized year (Authorized column of the Worksheet I). This typically relates to positions and operating costs for new programs or facilities, but may also be applicable to other appropriations.

Authorized Budget

The authorized budget is composed of the certified budget plus allowable internal budget revisions (type 14 budget revisions) and adjustments that must be approved by OSBM (on type 12 budget revisions) through its statutory authority or acting on behalf of the Governor under the Governor's Constitutional role and authority as Director of the Budget. This is the working budget and is reflected on the Monthly Budget Report (BD701).

Budget Preparation System (BPS)

Budget Preparation System (BPS) is part of an integrated mainframe budget system developed and managed by the Office of State Budget and Management and used to generate, first, the recommended continuation budget and, second, the legislatively certified budget. Instructions for working in BPS, and the related Budget Revision System (BRS), are provided on the OSBM website. It is the primary budget system used to develop the agency line-item continuation budget requests.

Budget Revision (BD 606)

The online form by which agency budgets may be adjusted and positions established from the budget as enacted by the General Assembly (BD307). The State Budget Act has certain restrictions on these budget transactions.

Budget Revision System (BRS)

The Budget Revision System is the online system provided by OSBM and used to maintain all Budget Revision documents (Form BD606) for all state agencies.

Budget Stabilization Reserve (Savings Reserve Account)

This account is a restricted reserve from which funds are appropriated by the General Assembly for unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. The State Controller shall reserve to the Savings Reserve Account 25% of any unreserved fund balance remaining in the General Fund at the end of each fiscal year, as determined on a cash basis ([G.S. 143C-4-2](#)) or reserve as directed in the current Appropriations Act enacted by the General Assembly.

Capital Budget Request

Any budget request for land acquisitions, new construction, or rehabilitation of existing facilities.

Capital Improvement Budget

The capital improvement budget is for real property acquisitions, new construction, rehabilitation of existing facilities, and repairs and renovations. These types of expenditures are accounted for in the capital budget code of an agency or institution. ([G.S. 143C-1-1\(d\)\(5\)](#))

Capital Improvement Request

Refers collectively to all types of capital requests including the Capital Budget Requests and Repair and Renovation Requests.

Capital Improvement Plan

The Governor's recommended six-year plan for funding state-wide capital improvement projects as required by [G.S. 143C-8-5](#). The first two years of the plan will become the Governor's recommended Capital Improvement Budget.

Certified Budget

The certified budget is enacted by the General Assembly and includes adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes directed by the General Assembly but left to the Director to carry out. ([G.S. 143C-1-1\(d\)\(7\)](#))

Continuation Budget

The continuation budget is the part of the state budget necessary to continue the current level of services when adjusted for inflation, mandated rate increases such as social security, annualization of programs, and operation of new facilities.

Debt Service

Debt service consists of payments for interest on and redemption of outstanding bonds for which the full faith and credit of the state are pledged.

Excess Receipts

These are receipts received for services performed, fines received for violation of state regulations, or federal grants and funds received for specific purposes which exceed the amounts anticipated and budgeted by the General Assembly. When such excess receipts occur in the General Fund or Highway Fund budgets and the receipts are not authorized by OSBM to be used by the agency, they revert to the appropriate fund at the end of the fiscal year.

Expansion Budget

The expansion budget is the part of the budget that provides for new programs, expansion of existing programs, and salary and benefit increases.

Federal Funds

These funds are received from federal government agencies for support of programs on the state level. Federal funds are received through block grants, entitlement programs, and specific grants.

General Fund

The general fund is made up of tax revenues (non-transportation) such as sales tax, individual income tax, corporate tax, insurance premium tax, and franchise tax. In addition, the general fund includes non-tax revenues such as income from the Treasurer's investments, fees received from the court system, miscellaneous fees charged for state services, and transfers from the highway fund and the highway trust fund, and Medicaid disproportionate share receipts.

General Fund Budget Codes

These codes are for the budgets of each agency and institution that are supported from state General Fund revenue and from receipts considered to be general rather than specific in nature.

Highway Fund

The tax and nontax revenue collected by the State of North Carolina and deposited with the [State Treasurer](#) for appropriation by the General Assembly to support the operations and capital construction needs of the [Department of Transportation](#), including the [Division of Motor Vehicles](#), and the [Highway Patrol Division](#) of the [Department of Crime Control and Public Safety](#). Highway Fund tax revenue includes licenses and fees relating to the operation of motor vehicles and the motor fuel tax. Highway Fund nontax revenue includes income from the State Treasurer's investments of Highway Fund dollars.

Highway Fund Budget Codes

These codes are for the budgets of each agency that are supported from state Highway Fund revenue and from receipts considered to be general rather than specific in nature.

Highway Trust Fund

This fund is for the tax revenue on motor fuels, special fuels, and road taxes deposited with the State Treasurer that is earmarked for appropriation for the construction of state-funded roads and bridges.

Inflationary Allowances

One of the allowable adjustments in the continuation budget Worksheet I, this refers to the increases or decreases to the budget to reflect anticipated budgetary needs for certain accounts. The Budget Instructions provide a listing of the specific accounts for which inflationary allowances can be requested and specify the allowable rates of inflation and methodologies to be used for the various calculations.

Lapsed Salaries

Lapsed salary is the dollar amount of salary and associated benefits not expended during the period in which a position is vacant. Lapsed salary funds shall only be used for nonrecurring purposes and line items ([G.S. 143C-6-9](#)) and shall not be used for grant-in-aid (6xxx), agency reserves (7xxx), and intra-agency transfers (8xxx).

Legislative Salary Increase (LI Increase)

This is a salary increase given to teachers and state employees by the General Assembly. The increase may be a percentage increase of the base pay, a flat dollar amount per employee, or a

combination of both. These types of increases are reflected in new salary schedules for state employees and for public school personnel.

Longevity Pay

Longevity pay is the salary compensation paid to state employees who have been employed by the state for a certain number of years. The payment is made on the anniversary date when the employee began his or her employment with the state.

Medicaid

This is the assistance program that provides medical care for public assistance recipients, the elderly, and the disabled.

Nonrecurring Appropriation

These are one-time appropriations approved by the General Assembly. All non-recurring appropriations must be removed from the continuation budget in the increase/decrease columns of the Worksheet I.

Nontax Revenue

This is revenue that is not a tax proceed, and that is required by statute to be credited to the General Fund. ([G.S. 143C-1-1\(d\)\(19\)](#))

Object or Line Item (Account Numbers)

This is an expenditure or receipt in a recommended or enacted budget that is designated in the Budget Code Structure of the [North Carolina Accounting System](#) Uniform Chart of Accounts prescribed by the [Office of the State Controller](#). ([GS 143C-1-1\(d\)\(20\)](#))

Other Receipts

These are the funds received by state agencies and institutions for services performed, such as patient receipts in hospitals, tuition fees in the universities and community colleges, or as fines for violations of state regulations.

PM739

This is the position schedule report that shows all permanent positions with salaries and they are recorded in the Human Resource system (either PMIS or BEACON). Longevity, Social Security, Retirement and hospitalization are also calculated and included in this report.

Purpose or Program (Fund Number)

This is a group of objects or line items for support of a specific activity outlined in a recommended or enacted budget that is designated by a nine-digit fund code in accordance with the Budget Code Structure of the [North Carolina Accounting System](#) Uniform Chart of Accounts prescribed by the [Office of the State Controller](#). ([G.S. 143C-1-1\(d\)\(23\)](#))

Repair and Renovations Request (R&R)

Any budget request for roof repairs; structural repairs; repairs to meet federal and State standards; electrical, plumbing, and HVAC repairs; ADA, fire safety, and energy efficiency improvements; renovations to improve existing space; historical renovations; removal of asbestos, lead paint, and other contaminants; and improvements to roads, walks, drives, drainage, and landscaping.

Repair and Renovations Reserve

The Repairs and Renovations Reserve Account is established as a reserve in the General Fund. The State Controller shall reserve to the Repairs and Renovations Reserve Account one-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year. ([G.S. 143C-4-3\(a\)](#))

Results Based Budgeting

Commitment to emphasizing measurable results as an integral part of budgeting is a key strategy being introduced by the Office of State Budget and Management to encourage the efficient and effective management of state resources. The General Assembly has endorsed this concept in budgeting in [G.S. 143C-3-5\(b\)](#), which states that goals and performance information are required components of the Governor's recommended state budget.

RK314

RK314 is a listing of BD606s which have been approved during the first year of the current biennium, and which have adjustments for the second year of the biennium. The listing shows the processing codes, total dollars and the subject for each BD606.

Salary Reserve

Salary funds remaining on an annual basis when positions are filled at lower levels than budgeted. These funds may be used for salary range revisions and reclassification of positions, subject to approval of the Office of State Personnel and OSBM.

Senate Bill 1005

Language in this ratified bill, the [2001 Appropriations Bill](#), sets forth requirements for [State Chief Information Officer \(CIO\)](#) review of financial aid requests of \$100,000 or greater from the State for the information technology maintenance or acquisition and CIO recommendation to the Governor on the merits of such requests. Subsequent legislation (ratified Senate Bill 991 in 2003) sets forth additional CIO information technology project review and authority for quality assurance.

Special Fund Budget Codes

These codes are for those budgets for each agency that are supported entirely from receipts collected for the specific purposes or services performed by the agency.

State Budget

The total requirements for North Carolina state government agencies and institutions consists of General Fund dollars, Highway Fund dollars, federal funds, and various other receipts and funds.

The state budget includes state aid funding for local public school units and local community colleges and institutions. A summary of the state budget can be found on OSBM's website.

State Budget Act

This is the act that governs the budgetary process in North Carolina. It provides the statutory language for development, presentation, authorization, and control of the budget. (G.S. 143C-1-1 through G.S. 143C-10-3)

State Employees Exempt from the Personnel Act (EPA)

These are positions in the state budget funded from various state revenue and receipts that are exempt from the terms and conditions of the State Personnel Act.

State Employees Subject to the Personnel Act (SPA)

These are positions in the state budget funded from various state revenue and receipts that are subject to the terms and conditions of the State Personnel Act.

Tax Revenue

These are the contributions from persons, groups, or businesses within the state for the support of government.

Worksheet I

Worksheet I is a document generated in the Budget Preparation System which, when completed, represents the continuation (or base) budget for a budgetary fund. The continuation budget provides operating funds for each year of the biennium to continue the existing, authorized level of services. Development of the Worksheet I begins with budgetary, position and expenditure data loaded from various mainframe systems. The baseline budget is the Authorized budget, adjusted by budget revisions and increased or decreased for the biennium under request as allowed and specified in the OSBM budget instructions.

Worksheet II

This is the agency request for expansion funding. Expansion requests include additional operating funds above those allowed in the continuation budget; department requests to redirect funds from one statutorily controller program to another; for one-time major equipment purchases; for continued phase-in of new programs; legislatively designated salary increases; and funds to replace lost federal funds.

Worksheet III

Worksheet III is the set of forms used for requesting capital improvement funds and identifying capital improvement needs for the Governor's Recommended Capital Budget and six-year Capital Improvement Plan.

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