

**Summary: Annual State Budget Process
NC A&T State University and
The State of North Carolina**

The State Executive Budget Act is the legal foundation for the North Carolina State budget system. The Office of State Budget and Management (OSBM) submits instruction to the University of North Carolina General Administration and its Board of Governors to direct the preparation and submission of budgets as may be required by the General Assembly on a biennium or annual basis. The Board of Governors presents to the legislature the request for continuation funds for each of the 17 constituent institutions of the University System, including NC A&T. Constituent institutions share a common budget process that is administered by the UNC General Administration.

The state of North Carolina has a biennium (two-year) budget cycle. The process for the current biennium, from July 1, 2009 through June 30, 2011, began during the fall of 2008 and ended with the completion of the legislative session when the budget was approved (July 2009) by the General Assembly and the Governor. Budget submissions during the second year of the biennium occur primarily due to adjustments in state revenue forecasts with either budget reductions or expansions as necessary.

Appropriations, awarded in response to the budget requests, are made directly to the individual institutions in the University System by the Office of State Budget and Management. Expansion Budget requests and Capital Improvements requests are submitted to the Office of State Budget and Management by the Board of Governors as combined requests for the entire University System. Any Expansion Budget and Capital Improvements appropriations awarded are allocated to individual institutions by decisions of the Board of Governors. The allocations may be specific, one-time basis (i.e. Capital Improvements and one-time Expansion Budgets) or on a continuing basis, as is usually the case for most expansion budgets for educational and service activities.

The budget process starts with a review of current base budget, enrollment projections, the master plan (for capital projects), a review of new programs and a survey of tuition and fees. The Institutional Research Office provides the enrollment projections in the enrollment model. Based on the enrollment projects, the university will receive additional funding for teaching and support functions of the University. The Biennium Budget includes a component to account for changes in enrollment in the Universities. Enrollment growth is legislated with G. S. 143C-3-5 and states that the State Budget Office shall include funds for university enrollment increases in the continuation budget. The enrollment growth funds are determined using the enrollment model maintained by the UNC General Administration Office.

Each college, school, and administrative unit must submit budget requests for its unit. In FY 2006-07, the Office of Budget and Planning developed and implemented the Results Based Budgeting process in anticipation of the 2009-11 Budget. Results Based

Budgeting was established to increase transparency, ensure accountability, promote proactive management, and focus on assessment, performance and evaluation.

In fiscal year 2008-09, under the direction of the Vice Chancellor for Business and Finance, the University established the Budget Advisory Committee (BAC). Lead by the Assistant Vice Chancellor for Budget & Planning, the BAC reviewed recommendations and constructed a preliminary budget. The preliminary allocation was published for review and comment prior to the committee making the final recommendations to the Chancellor. The Chancellor makes the final decision about the budget allocation and approves the budget. The final budget is approved by the UNC Board of Governors.

Once the budget has been reviewed for approval and released by the Office of State Budget and Management, the University's Budget Office uploads the budgets to the various university accounts. The budgets are monitored monthly by the Budget Office via the use of budget reports named BD701 and BD702 to ensure adequate progress of revenue collection and expenditures. A budget report of capital projects (BD725) is reviewed by the University Accounting Office. This internal monitoring of budgets is reviewed by the University's external budget agency, the Office of State Budget and Management. Additionally, budget checking is a daily process conducted prior to the expenditure of funds for purchases via the online requisitioning, approval, and purchasing processes.

The University Budget Office will reserve a percentage of the State appropriated funds (generally 3%) with approval of the Chancellor. These funds are available for contingency and emergency requests. Departments have some budget flexibility and can transfer funds between expense codes using a Budget Transfer Form or Allotment Revision Form. These forms are approved by the department manager and forwarded to the University Budget Office for approval by the Budget Director prior to input to the Banner Finance system.

All budget revisions are processed through the automated Budget Revision System (BRS) developed by OSBM. Changes to the budget that change appropriations or increase receipts are reviewed and approved by OSBM. The University has management flexibility and is able to approve internal budget changes. The University Budget Office maintains a reconciliation of all changes to the budget received by OSBM or UNC-GA throughout the year.