

ISSUES REGARDING THE STATE'S BUDGET PREPARATION AND ANALYSIS COMPUTER SYSTEM

HISTORY

North Dakota has had a computerized budget development and reporting system since the late 1970s. Beginning in 1995, the current statewide information and budgeting reporting (SIBR) system was developed and implemented. The system is integrated with the statewide accounting system and allows for the on-line computer agency input of budget requests, Office of Management and Budget analysis and executive budget development, and budget reporting to the public and the Legislative Assembly. The Legislative Council fiscal staff uses SIBR for budget analysis and employee salary alternative calculations. Affinity Global Solutions, Inc. (previously known as Legacy Solutions), is the company that developed the SIBR system. The state's marketing contract with Affinity Global Solutions, Inc., allows the state to receive royalties for the implementation of the budget system in other states and to use, without cost, enhancements made to the software.

ENTERPRISE RESOURCE PLANNING

The enterprise resource planning (ERP) system initiative project under negotiation for development with PeopleSoft and Maximus is to provide for integrated financial, human resources, and student administrative functions. The PeopleSoft product includes a budget preparation component.

On February 7-8, 2002, the Legislative Council fiscal staff, state agency budget and auditing personnel, and the Office of Management and Budget budgeting and accounting staff received demonstrations by PeopleSoft of its budgeting component and Affinity Global Solutions, Inc., regarding the latest version of the SIBR system called the budget analysis and reporting system (BARS).

SYSTEM REQUIREMENTS

The state needs a budget preparation and reporting system that meets or exceeds the functionality of the SIBR system and allows the Legislative Assembly to develop the state budget in the limited time available during a legislative session.

The Legislative Council's fiscal staff receives the executive budget in early December prior to each regular legislative session that begins in early January of every odd-numbered year. The staff uses SIBR and followup questions of the Office of Management and Budget's budget staff to prepare an analysis of the

executive budget, which is presented to the Appropriations Committees during the first days of the session.

To assist in this analysis and to meet other legislative needs, the budgeting system needs to include:

- Agency program level budget requests and spending detail.
- Agency base budget preparation (i.e., 95 percent), including identification of budget changes relating to costs to continue, inflationary adjustments, and enhancements, with related narrative explanation.
- Detail of agency program expenditures to date and the appropriation balance remaining.
- A comparison of proposed agency budget request to previous biennium appropriation.
- Agency full-time equivalent (FTE) employee positions on a program level, analysis of adjustments to FTE positions, costs for new positions, deleted positions, and salary and fringe benefit changes.
- Complex statewide employee salary alternative calculations.
- Updating of proposed employee fringe benefits and the establishment of wage limits on select fringe benefits (i.e., FICA).
- Funding detail by FTE position, including options for limiting federal or other funds available for a specific position and providing additional funding headed for increased employee salary and fringe benefits from varying funding sources.
- Information technology information.
- Lease purchase analysis.
- Grant funding summary.
- Agency general fund revenue collections.
- Detailed special funds information.
- Detailed federal funds information by FTE, by program, and by CFDA number.
- Capital construction information.
- Generation of budget reports directly from the budget system.
- Statewide budget and comparison reports.

ANALYSIS AND SUMMARY

The SIBR system addresses the majority of the functional requirements of the legislative budgeting process.

Affinity Global Solutions, Inc., has implemented statewide budgeting systems for 10 states and has successfully interfaced its budgetary system with

PeopleSoft software in four states--Montana, Georgia, Kansas, and Vermont. According to representatives of the Office of Management and Budget, North Dakota's marketing contract with Affinity Global Solutions, Inc., provides that North Dakota receive "free" upgrades and interfaces that have been developed for other states' products.

While the PeopleSoft budget preparation component does have some attractive features, especially for agency use in preparing and monitoring agency budgets, at this time it appears to have limited capabilities for statewide budget development and for providing the budget information needed by the Legislative Assembly

as it develops the state budget. No state is currently using the PeopleSoft budgeting system for its state-wide budgeting system.

The Office of Management and Budget does not plan to upgrade the SIBR system in the near future. The two pilot phases of the enterprise resource planning project are scheduled to be completed by April 2003. Once this project has been implemented, the state should be in a better position to analyze newer versions of the PeopleSoft and SIBR products and determine which product or products best serve the state's needs.