

ATTACHMENT A

Draft policy regarding “upfront” inflation adjustment to NCHEMS-gap allocation model.

Annotated to indicate suggestions from CEOs. The suggested deletions would eliminate the implication that this sort of inflation adjustment was a substitute for, or accounted sufficiently for, state-mandated costs, primarily the cost of implementing the salary survey for classified staff.

The Commission recognizes that each institution will incur increases in costs each year [~~for various budget items, like utilities and classified staff salaries,~~] which have to be accommodated in their budgets. In order to account to some extent for such inflationary [~~or mandated~~] costs, in developing the general fund budget allocation in the budget process each year each institution should initially receive an adjustment at the rate of the then current estimate by the Office of State Planning & Budgeting for inflation in the coming budget year.