

# **NC Office of State Budget and Management**

**Strategic Plan**

**2021 – 2023**



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# 1. Strategic Plan Executive Summary

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## About OSBM

The North Carolina Office of State Budget & Management (OSBM) delivers the highest quality budget development and management services for the state. As part of this work, our team:

- Provides budget and policy analysis counsel to the Governor, state agencies, and General Assembly.
- Assimilates and analyzes economic and demographic data to help inform decisions and maintain a balanced budget.
- Provides government agencies with services to support stewardship of public resources and prudent decision-making. These include tools to improve operational excellence through data and evidence, such as strategic planning, performance management, and impact analysis for proposed rules.
- Supports financial control structures such as grants management, internal audits, and the oversight committee for retired state employees' health benefits.
- Serves as a home for the state fraud hotline, where any citizen or employee of the state can report suspected misuse of public resources.

## 2021-23 Strategic Plan Summary

As part of Governor Cooper's priority to ensure an effective, accountable, and well-run state, OSBM's strategic plan:

- Demonstrates how our office meets the needs of North Carolinians and stakeholders.
- Charts a long-term direction for our organization and the allocation of resources.
- Aligns office goals, program objectives, and individual expectations and results.
- Establishes mechanisms for evaluating progress and continuous improvement.

To that end, OSBM leadership set six overarching goals to guide the organization to its future-state vision. They are:

- Goal 1 – Mitigate risk and enhance opportunities by proactively analyzing, developing, and implementing policies based on data and evidence.
- Goal 2 – Enhance transparency by leveraging technology, transitioning from legacy systems, and adopting innovative new practices.
- Goal 3 – Facilitate comprehensive preparation and timely response to address statewide “drop everything” events.
- Goal 4 – Increase the diversity and cultural awareness of our team.
- Goal 5 – Embody a positive and healthy culture that encourages continuous skill building, provides pathways to clearly defined leadership opportunities, and enables peer understanding and support.

- Goal 6 – Develop a community of innovators to optimize government practices and service delivery.

These goals will guide resource allocation and the focus of efforts for several years. To ensure these goals are realized this biennium, OSBM assigned attainable objectives to each goal in the short term. They are:

- Objective 1.1 – Develop and recommend/implement policies based on data and evidence.
- Objective 1.2 – Ensure officewide readiness on emerging issues.
- Objective 2.1 – Increase the accuracy and effectiveness of OSBM and state agency budgets, programs, and processes.
- Objective 2.2 – Leverage technology for enhanced external communication.
- Objective 3.1 – Clarify roles and processes to respond to statewide "drop everything" events.
- Objective 4.1 – Implement effective diversity, equity, and inclusion training.
- Objective 4.2 – Improve efforts for recruiting historically disadvantaged candidates.
- Objective 4.3 – Promote cross-cultural awareness through OSBM events and celebrations.
- Objective 5.1 – Prepare and execute transition training for Management.
- Objective 5.2 – Formalize career development plans to support staff advancement opportunities.
- Objective 5.3 – Identify high-quality and cost-effective professional development opportunities for OSBM staff.
- Objective 5.4 – Improve/enhance staff and management relationship through formal and informal channels.
- Objective 6.1 – Expand and formalize performance management efforts across OSBM to best serve state agencies.
- Objective 6.2 – Provide trainings to external stakeholders on leveraging evidence for better policymaking and operational excellence topics.

Each objective has associated performance measures to clearly define the method and unit of measurement for a desired event. OSBM, like many organizations, has performance measures at all levels of development; thus, milestone, efficiency, and outcome measures are all represented on this plan. Several objectives have co-ownership by more than one section to indicate that shared responsibility and accountability.

This document is and should remain "living" as many aspects are subject to revision. This strategic plan also does not provide a comprehensive account of every important activity of OSBM as the full scope of the organization's work is extensive. Nevertheless, OSBM's plan seeks to document the overarching strategic efforts that are realistically executable in the 2021-2023 Biennium and that have been prioritized as key to OSBM's own efforts for continual excellence and effectiveness.

## 2. Mission, Vision, and Values

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### Agency Mission Statement

To professionally serve North Carolinians by providing objective information and analysis to ensure a balanced budget and effective stewardship of public resources.

### Agency Vision Statement

To be a national leader in sound policymaking by providing innovative ideas and robust analysis to decisionmakers statewide.

### Agency Values

#### Integrity

- We hold ourselves to the highest professional and ethical standards.
- We perform our work with honesty, diligence, and responsibility.
- We are accountable for doing the right thing.

#### Teamwork

- We are a team of talented people, deriving expertise from all levels of the organization.
- We recognize that collaboration inside and outside the organization will maximize our shared knowledge, which is critical to achieving our goals.
- We respect and celebrate individual and collective differences and strengths in our teams.

#### Innovation

- We encourage resourcefulness, creativity, and adaptability to continually seek more efficient and effective ways to carry out our mission.
- We seek to create the aspired-to workplace destination in state government.

## Excellence

- We insist on giving our best effort in everything we undertake.
- We believe in the importance of continuous improvement as we strive for a higher level of performance to deliver quality outcomes and exemplary customer service.

### 3. Goals, Objectives, and Performance Measures

<p><b>Goal 1 – Mitigate risk and enhance opportunities by proactively analyzing, developing, and implementing policies based on data and evidence. (Goal Champion: Erin Matteson)</b></p>	
<p><b>Objective 1.1 – Develop and recommend/implement policies based on data and evidence.</b></p>	<p><b>Performance Measure 1.1.1 – Percent of budget expansion proposals* received from agencies that contain an evidence-based component.</b></p> <p><i>* Expansion proposals that meet the “Worksheet II EZ” criteria are exempt from this measure.</i></p>
<p><b>Objective 1.2 – Ensure officewide readiness on emerging issues.</b></p>	<p><b>Performance Measure 1.2.1 – The completion of an annual “Emerging Issues” brainstorming session.</b></p>

<p><b>Goal 2 – Enhance transparency by leveraging technology, transitioning from legacy systems, and adopting innovative new practices. (Goal Champion: Gary Thomas)</b></p>	
<p><b>Objective 2.1 – Increase the accuracy and effectiveness of OSBM and state agency budgets, programs, and processes.</b></p>	<p><b>Performance Measure 2.1.1 (Internal Audit) - Identify cost efficiencies greater than \$1,000,000 by the end of FY 2021-22.</b></p>
	<p><b>Performance Measure 2.1.2 (Internal Audit) - Agency management accepts 85% of Internal Audit recommendations.</b></p>
	<p><b>Performance Measure 2.1.3 (Internal Audit) - Complete or commence 90% of engagements on risk-based audit plan.</b></p>
	<p><b>Performance Milestone 2.1.4 (Business Office) - Prepare and implement four Business Office internal Standard Operating Procedures by the end of the FY 2021-22.</b></p>
	<p><b>Performance Measure 2.1.5 (Budget Execution) - Reduce the number of budget revisions by 5% in FY 2021-22.</b></p>



	<b>Performance Milestone 2.1.6 (Budget Execution)</b> – Conduct statewide analysis of the use of lapsed salary funds to determine OSBM policy on when to eliminate positions/reallocate funding by the end of FY 2021- 22.
<b>Objective 2.2</b> – Leverage technology for enhanced external communication.	<b>Performance Milestones 2.2.1</b> – Percent of completed sub-level milestones associated with leveraging technology for enhanced external communication.

<b>Goal 3</b> – Facilitate comprehensive preparation and timely response to address statewide “drop everything” events. (Goal Champion: Casey Harris-Pratt )	
<b>Objective 3.1</b> – Clarify roles and processes to respond to statewide "drop everything" events.	<b>Performance Milestones 3.1.1</b> – Draft a process map that identifies and describes the skills, structures, and tools necessary to respond to unanticipated events by the end of FY 2021-22.

<b>Goal 4</b> – Increase the diversity and cultural awareness of our team. (Goal Champion: Anca Grozav)	
<b>Objective 4.1</b> – Implement effective diversity, equity, and inclusion training.	<b>Performance Measure 4.1.1</b> – Percentage of staff who report they utilize lessons and skills learned from OSBM’s diversity, equity, and inclusion training.
<b>Objective 4.2</b> – Improve efforts for recruiting historically disadvantaged candidates.	<b>Performance Measure 4.2.1</b> – Number of recruitment activities or events promoting OSBM employment opportunities to historically disadvantaged candidates.
	<b>Performance Measure 4.2.2</b> – Percent of employees who are from historically disadvantaged populations.
	<b>Performance Measure 4.2.3</b> – Percent of new hires from historically disadvantaged populations.

<p><b>Objective 4.3</b> – Promote cross-cultural awareness through OSBM events and celebrations.</p>	<p><b>Performance Measure 4.3.1</b> – Percent of employees that feel that OSBM appropriately celebrates diversity through events and celebrations.</p>
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**Goal 5** – Embody a positive and healthy culture that encourages continuous skill building, provides pathways to clearly defined leadership opportunities, and enables peer understanding and support. (Goal Champion: Mike Arnold)

<p><b>Objective 5.1</b> – Prepare and execute transition training for Management.</p>	<p><b>Performance Measure 5.1.1</b> – Completion of transition training for Management.</p>
<p><b>Objective 5.2</b> – Formalize career development plans to support staff advancement opportunities.</p>	<p><b>Performance Measure 5.2.1</b> – Percent of employees who report they have career development plans.</p>
<p><b>Objective 5.3</b> – Identify and offer high-quality and cost-effective professional development opportunities for OSBM staff.</p>	<p><b>Performance Measure 5.3.1</b> – Percent of staff who have attended/are attending professional development trainings.</p>
<p><b>Objective 5.4</b> – Improve/enhance staff and management relationship through formal and informal channels.</p>	<p><b>Performance Measure 5.4.1</b> – Level of employee satisfaction.</p>

**Goal 6** – Develop a community of innovators to optimize government practices and service delivery. (Goal Champion: Lanier McRee)

<p><b>Objective 6.1</b> – Expand and formalize performance management efforts across OSBM to best serve state agencies.</p>	<p><b>Performance Measure 6.1.1</b> – Ratio of completed performance management projects compared to the number of analysts.</p>
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**Objective 6.2** – Provide trainings to external stakeholders on leveraging evidence for better policymaking and operational excellence topics.

**Performance Measure 6.2.1** – The level of external agency satisfaction with OSBM Budget Development-offered trainings on evidence-based policymaking and operational excellence topics.

## 4. Highlights and Opportunities

### OSBM Highlights

#### Swift Response to Unprecedented Situation for State Government

- In the early days of pandemic, OSBM formed a coronavirus response team, rapidly developed a Coronavirus Response spending proposal, hosted multiple guidance sessions with agency CFOs, and developed allocation plans for hospitals and local governments.
- Our budget execution division developed process to code and track COVID-19 related expenditures and guided agencies through how to monitor and manage pandemic expenses.
- OSBM established the NC Pandemic Recovery Office (NCPRO), which built financial controls and began issuing coronavirus relief funds within 10 days of passage of S.L. 2020-4.
- Ninety-five percent of coronavirus relief funds have been successfully disbursed as of 12/30/20.
- NCPRO presented to more than 2,000 stakeholders representing public and private sectors, providing guidance on funding and eligible expenses.
- The budget development division completed three separate budget certification processes following this year’s unusually complex appropriations process.
- Our office shifted rollout and training for multiple budget processes to an online format, which increased state agency participation.
- The Office of Internal Audit held semi-monthly meetings for state agency internal auditor (IA) directors to improve understanding of use of coronavirus funds and to leverage tools and templates between agencies’ IA programs.
- The Office of Strategic Partnerships launched the COVID-19 Student Response Corps, connecting students to public and nonprofit sector internships in response to needs precipitated by the pandemic.
- Economic Analysis Division developed models to estimate the impact of the pandemic on the state economy, including estimates based on relaxing or maintaining business activity restrictions and the effect of unemployment insurance policy changes on the state’s UI Trust Fund.

#### Continued Drive for Evidence-based, Data-driven Budget and Policymaking

- OSBM launched the inaugural Performance Management Academy for state employees, with more than 30 participants representing 14 different state agencies in its first cohort.

- NC Results First initiative worked with the Department of Juvenile Justice to complete an inventory of community-based juvenile justice interventions, nine of which were rated effective. The NC Results First annual report was highlighted by Pew Trust.
- OSBM has been working to integrate NC Results First into the budget development process. Governor Cooper's American Rescue Plan Budget Recommendations included funds for Results First evidence-based initiatives in the Child and Family Health policy area that targeted some of the top risk factors associated with severe COVID-19.
- OSBM coordinated four Performance Management Advisory Committee meetings and developed the Committee's Performance Management vision statement for state government.
- Our budget development division completed multiple performance management projects with state agencies focused on improving state agency operations.
- Our budget execution division continued to refine procedures and processes to streamline approval processes and give agencies greater discretion for minor budget revisions.
- Our budget execution and development divisions focused on improving the efficacy of Quarterly Meetings with agencies, focusing on creating stronger ties between budget decisions and agency Strategic Plans.
- Our division of economic analysis developed new methods for tracking economic data, adding a tool based on high-frequency, big data.
- Our Business Office transitioned smoothly to new North Carolina Financial System. The Office also successfully disbursed 95% of Coronavirus Relief Funds in six months.

#### **Introduced New Tools & Training for Agencies' Internal Audit Efforts**

- The Office of Internal Audit completed 34 internal audit engagements at 10 agencies identifying potential savings, cost avoidance, or revenue generation of approximately \$4 million.
- The office developed and rolled out to all state internal audit offices, an automated p-card monitoring tool that identifies fraud indicators.
- Our internal audit team established a virtual quality assurance review (peer review) process of internal audit programs, which handled nine requests for reviews.
- Internal Audit conducted a 1-day *Fraud Busters* training session and a 4-day certified internal audit review course.
- As part of Internal Audit's Class and Compensation efforts, the office is working with OSHR to ensure individuals with internal audit responsibilities are moved into the appropriate internal audit job specification.

#### **Broadened Our Community Collaboration**

- Our office provided data expertise and technical support to the NC State Complete Count Commission, participating in more than 20 interviews and 60 presentations and meetings to raise awareness of the 2020 Census.
- We completed North Carolina's Count Review of internal US Census Bureau address files for group quarters facilities and residences prior to the 2020 Census enumeration and completed

a post-Census Count Review of difficult to enumerate group quarters facilities for the Census Bureau.

- The State Demographer launched a blog to highlight demographic trends across the state.
- The Office of Strategic Partnerships was awarded numerous grant awards from state and national funders to support strategic partnerships with state agencies and other partners across NC as well as COVID-19 response efforts.

### **Delivered on Continuing and New Disaster Response**

- Disaster Response Team successfully closed out and completed 424 hurricane recovery projects to assist homeowners in their long-term recovery efforts in 28 eastern NC counties, which utilize state Disaster Recovery Act funds. These completed housing recovery projects included 45 Hurricane Matthew and 379 Hurricane Florence families who needed assistance.
- Disaster Response team built a full-time recovery office in Sparta to take on the \$24 million Western NC earthquake recovery program. They have received 127 homeowner applications through the intake process and thus far paid out and closed 50 cases that involve the rapid repair program.

### **National Honors**

- NC earned Honor Roll State status from Results4America for use of data and evidence in budgeting.
- Charlie Perusse was awarded the Distinguished Performance Management Practice Award from ASPA's Center for Accountability.
- State Demographer, Dr. Michael Cline, was elected to the Steering Committee for the Federal-State Cooperative for Population Estimates (FSCPE) one of four FSCPE Steering Committee members elected by their colleagues from across the nation.
- Bob Coats, NC Census Liaison and State Data Center Coordinator, was re-elected to chair the National State Data Center Steering Committee, leading the US State Data Center program.

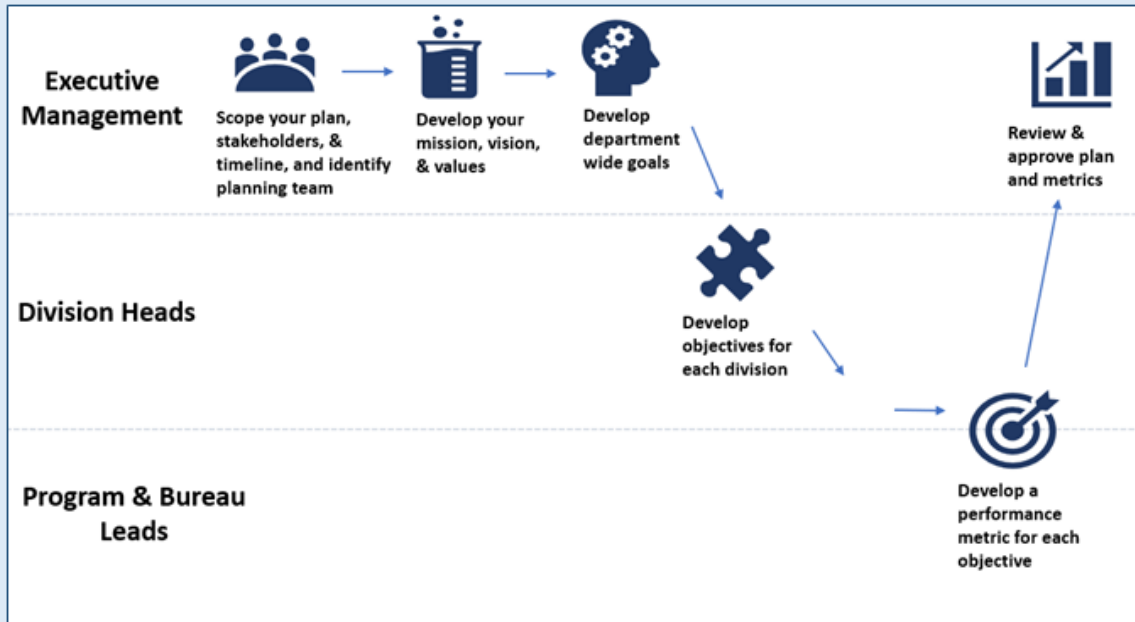
### **Best Practices**

#### **2021-23 Strategic Plan Drafting Process**

OSBM undertook an internal piloting of the Strategic Plan Guidance recommended by our office for agencies drafting strategic plans. This pilot allowed our office to test its updated Strategic Plan Guidance's effectiveness, create business tools for future planning efforts, collect data to better guide state agencies, as well as to draft a 2021–23 OSBM Strategic Plan.

The planning process incorporated a range of perspectives across the office. It was a collaborative effort driven by top executives with employee contributions and support. Specifically, the pilot was

facilitated by four analysts and a team lead. Each strategic plan drafting step had “owners” (see process map below) who worked with the facilitation team to drive the process forward.



Key takeaways from this process are listed below:

#### Establish a Leader

- Establish a “Drafting Lead” or a single point of contact to lay out the process to executive management, organize a team of people to dedicate to the effort, and to keep awareness and momentum focused on this effort.
- Put a person in charge of this effort and provide them with time and resources needed to be successful.

#### Maximize the SWOT and Environmental Scan

- The Environmental Scan process creates buy-in and collaboration across the organization.
- This data gathering process enables the drafting of goals that align with the organization’s wants and needs.

#### Utilize Technology

- Microsoft Teams, Stormboard, and other facilitation technology help promote collaboration and pursue multiple workflows in a virtual environment.

#### Create a Flexible Workplan

- A workplan is necessary to keep your strategic planning effort on schedule.
- However, core work and other unforeseen events will intervene, so be prepared to adjust your timeline and build flexible time into your schedule.

## Potential Initiatives

### **Implement Self-Assessment Maturity Model**

The Office of Internal Audit seeks to develop a tool that allows internal audit programs to perform a self-assessment to ensure conformance with the Internal Audit Standards. The self-assessment can be used to spark a conversation with executive leadership on what is needed to meet or exceed the Standards to be the best Internal Audit program in the state. The assessment can be used to meet Standard 1311, which requires periodic self-assessment, and can be used for compliance with the Internal Audit Act.

### **Leverage Technology for Economic Analysis**

Log Into North Carolina (LINC) is an interactive data retrieval service containing historical information for over 900 data items and a variety of geographic areas within the state. The Economic Analysis Division would like to produce several interactive visualizations in LINC to promote the new platform and its data content and share useful information with the public. In addition, the Division plans to develop an online dashboard for General Fund and Department of Transportation revenues for the OSBM website. Lastly, the Division would like to develop new forecasting methods to leverage the Census Bureau's August 2021 data release to produce certified population estimates.

### **Enhance and Refine IT Services**

The OSBM IT Services team plans to implement an annual Usability / User Experience Study to view how OSBM and agencies interact with the budgeting tools, such as IBIS or the Fee Report. Using a set of task scripts, they plan to document any perceived difficulties, actual difficulties or manual workarounds observed. The study should include both new and seasoned users, and the outcome of the study would be documented and used to help inform the selection of future enhancements.

## Collaborative Opportunities

OSBM believes continued partnerships with state agencies, local governments, external research partners including research institutions and colleges/universities, community partners, and philanthropic organizations are key to fostering the innovation needed to improve the lives of all North Carolinians. While our partnership opportunities are too numerous to list below, we have included some examples that highlight our current engagements:

### **Governor's Advisory Committee on Performance Management**

The Governor's Advisory Committee on Performance Management is composed of 13 department heads, senior officials, legislators, and performance experts appointed by the Governor. The committee's role is to advise the Governor regarding the progress of the NC Results First Initiative; new performance management initiatives; proposed or pending state legislation; rules or policies related to performance management; and strategies for increasing evidence-based policy efforts. There is an opportunity for OSBM to leverage member expertise and deepen ties with OSBM's existing performance management initiatives, such as Results First, the Performance Management Academy, and the Performance Management Community of Practice.

## Performance Management Academy

In fall 2020, OSBM piloted its Performance Management Academy training series, which was attended by agency staff from across NC state government. The aim of the program was to help agencies' performance management practitioners improve the efficiency and effectiveness of NC government programs by providing:

- Frameworks for assessment and use of existing evidence to create, evaluate, and improve policies and programs.
- Guidance on using strategic planning to better support the delivery of services to meet organizational goals and the needs of customers / service users.
- Resources, best practices, and examples of successful performance management.

OSBM has reviewed the feedback from our inaugural PM Academy and is in the process of planning and implementing the next iteration of the Academy in 2021.

## Performance Management Community of Practice

The recently established Performance Management Community of Practice (PM COP) is a group of state agency representatives focused on integrating performance management techniques into their work, who come together to share experiences and best practices and develop knowledge. The PM COP will become a workshop of ideas, where practitioners feel free to openly discuss challenges, offer solutions, and bring cutting-edge, even controversial, best practices to the table. Moreover, the PM COP offers a logical follow-on effort to the successful rollout of the Performance Management Academy (PMA), providing a space to discuss "real world" implementation of the theories and concepts covered by OSBM's PMA curriculum.

## NC Results First

NC Results First is currently finalizing the program inventories and benefit-cost analyses for programs in two policy areas: juvenile justice and adult mental health.

- **Juvenile Justice** - OSBM has partnered with the Department of Public Safety's Division of Adult Correction and Juvenile Justice (DACJJ) to focus on community-based programs funded through statewide contracts. OSBM and DACJJ have developed estimates of the avoided costs of crime in NC – the criminal justice system expenses and victimization avoided when DACJJ programs prevent further crime involvement. OSBM and DACJJ conducted various analyses to customize the juvenile justice model, including cost and resource use analyses of the adult and juvenile justice systems in NC, a victimization analysis, and a recidivism analysis.
- **Adult Mental Health** - OSBM has partnered with the Department of Health and Human Services (DHHS) to focus on programs that reduce the incidence or symptoms of mental health conditions in adults. Relying mostly on national data, the model estimates benefits associated with three mental health outcomes: anxiety disorder, major depressive disorder, and PTSD. Benefits could include avoided hospitalization, avoided use of the emergency department, avoided costs to the criminal justice system, and increased labor *market earnings*.



### **Central Internal Audit Office - Statewide Internship Program**

Internal Audit has established a collaboration with the UNC – School of Government to maintain a statewide internship program for internal auditors. The program will build relationships with the campuses around the state to provide unpaid internship opportunities for students interested in auditing. This creates opportunities for student to get hands on experience, enables the Internal Audit program to increase the number of engagements completed, and may boost the recruitment of new talent.