



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

September 10, 2018

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions and Agencies

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: Budget Instructions for 2019-21 Biennium

The Office of State Budget and Management (OSBM) is beginning the process for preparation of the Governor's 2019-21 biennial budget recommendations to the 2019 General Assembly. Governor Cooper's budget priorities continue to focus on:

1. Positioning North Carolina to create new jobs and grow workers' paychecks;
2. Making North Carolina a top ten educated state;
3. Promoting healthier and safer communities; and
4. Ensuring an effective, accountable, well-run state government.

Governor Cooper requests that agencies use the budget development process as an opportunity to realign base budgets to maximize efficiency and transparency and to focus budget expansion proposals on areas of overlap among these priorities and the strategic missions and plans of each agency. The resulting product should be a budget proposal for the 2019-21 biennium that effectively uses limited resources to deliver programs and services that meet the needs of North Carolinians and empower people and businesses to realize their full potential.

The preliminary revenue forecast indicates that recurring revenue availability will be limited; agencies are encouraged to look for opportunities to improve program delivery and agency operational efficiency. Agencies should limit General Fund appropriation expansion requests to no more than two percent (2%) of the agency's 2018-19 certified recurring appropriation.

Agencies should engage internally and with OSBM and Governor's policy staff in a collaborative effort to complete the tasks laid out in the accompanying budget instructions. For agencies, the process should include not only budget and financial staff but also program directors, CIOs, and other members of agency senior leadership. As part of the Common Sense Government initiative, OSBM has increased focus on evidence-based budgeting, data-driven decisions, and strategic management of the state's resources and has realigned staff responsibilities to better assist agencies with realizing these goals. We are allowing more time this year for the budget development process to ensure a recommended budget that accurately reflects agency operations and critical future needs.

OSBM will be conducting meetings with the leadership of all agencies as part of a new quarterly review process beginning in October. Agencies should be prepared to discuss base budget realignments, top strategic priorities, proposed investments in those priorities, associated goals and success measures, and identified savings and efficiencies. These meetings will be the beginning of a collaborative process throughout the fall, with key deliverables and due dates covered in the accompanying budget instructions.

Budget instructions for the 2019-21 biennium have been posted to [the OSBM website](#). The instructions and related job aids provide detailed guidelines for preparing base, expansion, reduction, and capital improvement budget requests with accompanying deadlines for completing key steps. An executive summary provides an overview of the budget process and major policies and requirements for development of the budget.

All base budget documents need to be submitted to OSBM by **Wednesday, October 24, 2018**; expansion budget requests should be submitted by Friday, November 30, 2018. Budget requests must be entered and submitted in IBIS using the appropriate form.

I would like to thank you for your continued cooperation. Your leadership and continued management of the budget is to be commended, and we look forward to working with you during the budget development process. Please do not hesitate to contact your OSBM budget analyst at (919) 807-4700 if you have any questions about the information in this memorandum.