



State of North Carolina

## Office of State Budget and Management

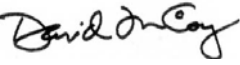
**Michael F. Easley**  
Governor and Director  
of the Budget

**David T. McCoy**  
State Budget Officer

July 27, 2004

### MEMORANDUM

TO: Department Heads and Chief Fiscal Officers

FROM: David McCoy 

SUBJECT: Instructions for Preparation of the 2005-2007 Recommended State Budget

Instructions for preparation of the 2005-2007 biennial State Budget to be submitted by Governor Easley to the 2005 General Assembly will be posted to our web site today. Copies of the budget instructions can only be obtained from this web site using the following address: <http://www.osbm.state.nc.us>. These instructions provide detailed guidelines for preparing continuation, expansion, and capital improvement budget requests; a schedule of deadlines for completing key steps in the budget preparation process; and highlights including changes in this set of instructions from those provided for the previous biennium. Some of the major changes include:

- Application of allowable inflationary rates to prior year actual expenditures instead of the authorized budget.
- An inflationary allowance for subsistence expenditures.
- New continuation attachments for the explanation of increases and decreases and for inflationary requests.
- Limitations on the total amount of expansion funds requested by departments.
- Expansion requests submitted at the line item detail level for all requirements and receipts.

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We ask that you review these instructions, study the approaches outlined for preparing departmental budget requests, and follow the instructions closely. Further, we ask your observance of the budget preparation schedule.

If you have any questions concerning these instructions or about the budget preparation process in general, please feel free to contact your budget analyst in our office at (919) 733-7061.

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