



State of North Carolina

Office of State Budget and Management


Michael F. Easley
Governor

David T. McCoy
State Budget Director

August 7, 2006

MEMORANDUM

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

FROM: David McCoy 

SUBJECT: Instructions for Preparation of the 2007-09 Recommended State Budget

Instructions for preparation of Governor Easley's 2007-09 biennial State Budget will be posted to our web site by close of business today. Copies of the budget instructions can only be obtained from this web site using the following address: www.osbm.state.nc.us/osbm/inst0709.html. These instructions provide detailed guidelines for preparing continuation, expansion, and capital improvement budget requests. Additionally, as stated in my August 2, 2006 memorandum, the Office of State Budget and Management (OSBM) is committed to emphasizing results as an integral part of budgeting. To develop the foundation of results-based budgeting (RBB), agencies are being asked to provide updated information on mission and fund descriptions, new information on goals, services (business processes), and performance measures. This information will be combined with a new presentation format which will improve the clarity, consistency, and analysis of expansion requests.

Section 3 of the instructions will outline the deadlines for completing key steps in the budget preparation process. Major changes in this set of instructions from those provided for the previous biennium include:

- Addition of a *Summary of Items Table*, Section 3.2, which outlines due dates, the different budget elements that are due, and the format in which data is collected.
- Addition of results-based budgeting, Section 4, as a new part of the budget process.
- Allowable continuation increases for enrollment growth for the University of North Carolina System and Community Colleges.
- Addition of Library Books and Journals as allowable inflationary items.
- As required by SB 622, a required business case for equipment lease or installment purchases (Section 6, attachment 6-3).
- Revised Worksheet III and instructions for capital improvement requests.

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OSBM is asking that you study the budget instruction package and closely follow the approaches outlined in preparing your departmental budget requests. It is important to note that the additional results-based budget elements will require good communication with your program managers. It will be important to get their input early in the process, especially considering the compressed timeframe.

If you have any questions concerning these instructions or about the budget preparation process in general, please contact your budget analyst in our office at (919) 807-4700.

dm:tc