



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

June 15, 2010

MEMORANDUM

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

FROM: Charles Perusse *Charles E. Perusse*

RE: Program Budgeting for the 2011-13 Biennium – Near-term Agency Deliverables

Throughout February and March of this year, the Office of State Budget and Management (OSBM) held meetings with all state agencies to review agency specific program inventories and to discuss how budget information would be collected for the 2011-13 budget development process. The purpose of this memorandum is to follow up in writing on the deliverables and timelines discussed in those meetings and to remind agencies that these deliverables are critical for implementation of the state's new budget system. In addition, we are pleased to offer assistance to agencies that are undertaking fund restructuring.

Agreement on the Program Inventory. Agencies were asked to reach final agreement with their OSBM analyst on the list of programs in the inventory by the end of April. As part of this process, you and your analyst should also have identified and agreed upon any necessary changes to the agency's fund structure or budgetary centers to accommodate the alignment of budget data to the program inventory. If you have not already completed this process, please work with your analyst to discuss any unresolved issues and reach agreement immediately.

Budget Structure Alignment to Programs, Certain Budget Revisions Required. By June 25, agencies are expected to provide a program budget crosswalk that establishes a budgetary relationship to each and every item listed on the program inventory, including administrative functions. Programs may be represented as follows:

1. A fund equals a program;
2. Two or more funds create the program budget view; or
3. Multiple programs may reside in one fund when they can be identified by one or more dedicated cost center(s). Cost centers associated with a program may not cross funds.

The document required from agencies will be referred to as a program budget crosswalk. The program budget crosswalk must include all budgeted fund codes (certain exclusions are noted on the attached instructions). Attached are the template and instructions for returning this information by June 25.

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Where necessary, OSBM is requiring agencies to restructure budgets to change funds, create funds, or create cost centers in order to establish a relationship between the budget structure and the program inventory. If cost centers are used within a fund to capture program budgets, the entire fund budget must be assigned to one or more cost centers so that the programs sum to the total fund. When a budget needs to be established at the cost center level to support the program budget crosswalk, agencies shall prepare a type 12 606 for BRS/BPS and NCAS for submission to OSBM as soon as possible and no later than July 30, with an effective date of July 1, 2010.

Fund restructuring (establishment of new fund codes or elimination of existing fund codes) will be accomplished with an effective date of July 1, 2011, through the Worksheet I budget development process. OSBM will communicate the automated Worksheet I process to agencies to which this applies. In cases of fund restructuring, OSBM will schedule initial meetings with the Office of the State Controller and the agency to discuss impacts to NCAS and/or BEACON and timeline for implementation.

Your OSBM analyst will work with you to be sure that you correctly complete the program budget crosswalk template. Please contact them with any questions. Again, completion of this work by the established deadlines is critical to our ability to gather, test and use program information for the upcoming biennial budget. We appreciate your cooperation in ensuring the successful implementation of the state's new budget system and program budgeting initiative.

cc: David McCoy, State Controller
Linda Coleman, State Personnel Director

Attachments