



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

PAT MCCRORY  
GOVERNOR

ANDREW T. HEATH  
STATE BUDGET DIRECTOR

August 26, 2016

**MEMORANDUM**

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

**FROM:** Andrew Heath   
State Budget Director

**SUBJECT:** Instructions for FY 2017-19 Budget Preparation

The Office of State Budget and Management (OSBM) is beginning the process for preparation of the Governor's 2017-19 budget recommendations to the 2017 General Assembly. Together, in the past budget cycle, we made important investments in monumental teacher pay increases, middle class tax cuts, college affordability measures and our state's savings reserves. The 2017-19 budget recommendations will build on these important investments to continue to make North Carolina the best state to work, live and visit in the country.

As an initial step in the budget development process, OSBM will be conducting executive meetings with all agencies during September and early October. Agencies should be prepared to discuss the top strategic priorities, proposed investments in those priorities, associated goals and success measures, and identified savings and efficiencies.

The instructions for submitting agency FY 2017-19 budget requests will be posted to the OSBM website this afternoon. The instructions 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.

The budget development process is an opportunity to review the use of public funds entrusted to the State. Agencies are encouraged to look for opportunities to improve program delivery and agency operational efficiency. To that end, agencies shall submit reduction options that equate to two percent (2%) of the agency's 2016-17 BD 307 certified appropriation, adjusted for nonrecurring items. Agencies will also be subject to limits on what can be requested for 2017-19. General Fund appropriation expansion requests shall not exceed two percent (2%) of the agency's 2016-17 BD 307 certified appropriation, adjusted for nonrecurring items. When

expansion requests are combined with reduction options, the change to the General Fund must be budget neutral or result in a net savings.

Please note that these requests are the starting point for preparation of the Governor's 2017-19 budget recommendations, and may or may not be included in the final budget recommendations for 2017-19 to the General Assembly.

All budget requests should be submitted to OSBM as soon as possible and no later than Friday, October 31, 2016. Budget requests must be entered and submitted in IBIS using the appropriate form. If a budget request requires a special provision or statutory change, it must be attached and accompany the Worksheet II submission in IBIS.

All final requests to the Governor for consideration in the 2017-19 budget preparation process must be submitted in hard copy and accompanied by a transmittal letter from the agency head. As always, I would like to thank you for your continued cooperation. Your overall 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. Thank you for your cooperation.