



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

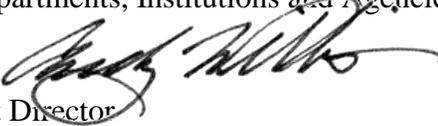
BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

January 17, 2012

MEMORANDUM

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

FROM: Andy Willis 
State Budget Director

SUBJECT: Instructions for FY 2012-13 Budget Preparation

The Office of State Budget and Management (OSBM) is beginning the process for the review and preparation of Governor Perdue's supplemental budget recommendations to the 2012 Legislative Session. Governor Perdue has established her agenda to focus on two primary budget priorities:

- 1. Continue and maintain our investments in all of education from Pre-K through the university to build a skilled workforce prepared to compete in the global economy.**
 - a. Restoration of funds and maintenance of continued funding for our children in Pre K and K-12**
 - b. Mitigate any further reductions to K-12 as result of loss of Federal Funding**
 - c. Continue investments on Career and College Ready**
- 2. Continue investments to position North Carolina to retain and create jobs that stimulate long-term economic growth across our State.**

Expansion Budget Requests

As the state's economic climate continues to stabilize, it is imperative to limit expansion requests for FY 2012-13. Due to the state of the budget, expansion requests will be severely limited to the following:

1. Statutorily mandated enrollment increases or entitlement programs.
2. Continued phase-in of new programs initiated in a previous fiscal year.
3. IT projects funded entirely through receipts.
4. Mission critical funding needs.

The sum total of all general fund appropriation expansion requests **shall not exceed two percent** of your agency's FY 2012-13 BD 307 certified appropriation. Please see the attached instructions and spreadsheet for further details. Agencies may submit requests that exceed this two percent threshold if they are supported by non-general fund, unbudgeted or dedicated receipt sources. Specific issues related to statutorily mandated enrollment increases or entitlement programs should be discussed with your OSBM analyst. **Expansion requests should be submitted to OSBM as soon as possible and no later than Wednesday, February 8, 2012.**

Special Provisions Requests

Agencies must submit a draft of all proposed legislation or special provisions to OSBM as soon as possible, and no later than Friday, February 10, 2012.

In addition to the submission of the requests outlined above, your OSBM analyst will be scheduling times to meet with you and your respective teams over the next three to four weeks to discuss your agency's overall budget. The purpose of these meetings will be to review any potential budget recommendations. In addition, these meetings will allow for a discussion about any continued efficiencies that may exist within your agency regarding the following efforts:

- Elimination of duplicative and underperforming programs.
- Streamlining and consolidation of programs, offices and services.
- Reductions of operating funds due to service efficiencies.
- Reductions of layers of management and administration.
- Budgeting receipts where appropriate to offset appropriation requirements.

It is OSBM's goal to have these meetings finished by February 15, 2012.

As always, I would like to thank you for your continued cooperation during these challenging economic times. Your overall leadership and continued management of the budget is to be commended. We look forward to working with you in the coming weeks. 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.