



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**  
**Employment First State for Individuals with Disabilities**

ROY COOPER  
GOVERNOR

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

FROM: Charles Perusse *Charles Perusse*

SUBJECT: Change Budget Instructions for 2021-23 Fiscal Biennium

The Office of State Budget and Management (OSBM) is beginning the next phase of the process for preparing the Governor's 2021-23 biennial budget recommendations to the 2021 General Assembly. Governor Cooper's budget priorities will focus on:

1. Positioning North Carolina to create new jobs and recover from pandemic economic losses;
2. Making North Carolina a Top Ten educated state;
3. Promoting healthier and safer communities; and
4. Ensuring an effective, accountable, well-run state government.

Governor Cooper requests that agencies focus change budget proposals on the common elements of these priorities and the mission and strategic plan of each agency. The result will be a budget proposal for 2021-23 fiscal biennium that effectively uses limited resources to deliver programs and services that meet the needs of North Carolinians and empower people and businesses to realize their full potential.

North Carolina, like all states, faces substantial uncertainty regarding revenue collections due to the COVID-19 pandemic. However, the state is relatively well prepared thanks to ample financial reserves and ongoing prudent fiscal management policies. Given this context, agencies should prioritize requests to focus on delivering critical services; identify opportunities for efficiencies and savings to enable reallocation of resources to high priority needs; and ensure expansion requests have a clear link to the agency's strategic plan as well as strong justifications.

All agencies should engage internally and with OSBM and Governor's policy staff in a collaborative effort to develop change budget requests. For agencies, the process includes budget and financial staff as well as program directors, policy staff, chief information officers, and other members of agency senior leadership. With OSBM's increased focus on evidence-based budgeting, data-driven decisions, and strategic management of the state's resources, we are continuing the two-step budget submission process – using the Agency Budget Change (ABC) List prior to submitting Worksheet IIs and IIIs in IBIS.

In addition to identifying more traditional agency change budget needs, agencies are also asked to separately identify critical needs that are specific to the state’s ongoing response to the COVID-19 pandemic. Given uncertainty of other federal funding sources that may become available for pandemic response, agencies are asked to identify these items separately from other ongoing agency needs and initiatives. The ABC List contains a new tab for this purpose.

OSBM will contact agencies to schedule meetings with leadership to discuss budget proposals and requests. In addition to these agency-specific meetings, **OSBM is hosting a FY 2020-21 budget development kick-off event on December 2, 2020 from 2:00 pm to 3:00 pm via Teams.** Additional details are available on the Upcoming Events page of OSBM’s website available [here](#).

The timeline for the 2021-23 biennial change budget development process includes:

Type	Task	Deadline
All Agencies	Long Session Budget Kick-off Event	December 2, 2020
ABC List Agencies	Submit ABC List to OSBM budget analysts	December 18, 2020
Other Agencies	Submit Worksheet IIs and IIIs in IBIS	December 18, 2020
All Agencies	Agency head meetings with OSBM	December 2020 – January 2021
ABC List Agencies	Submit Final Worksheet IIs and IIIs in IBIS	January 20, 2021
All Agencies	Submit Special Provision drafts	January 29, 2021

We look forward to seeing you on December 2nd. In the meantime, I would like to thank you for your continued cooperation. Your 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 development analyst if you have any questions about the information in this memorandum or the instructions and job aids provided on [the OSBM website](#).