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

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

January 19, 2021

MEMORANDUM

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

FROM: Charles Perusse *Charles Perusse*
                   State Budget Director

SUBJECT: State Budget Manual Updates

I am pleased to announce the North Carolina Office of State Budget and Management has released an updated and improved State Budget Manual. All Manual revisions are effective on **April 1, 2021** and will be published in web format on that date at www.osbm.nc.gov/budget/budget-manual. We are providing you *an advance PDF copy* to allow you and your staff to review changes and make any internal adjustments to your processes or procedures.

Our team strives to be responsive to state agencies' needs and factored in feedback from agency budget staff as we considered Manual revisions. We think the revisions will effectively balance flexibility, efficiency, and accountability. In addition, based on agency feedback, the Manual will be published as a consolidated, searchable webpage when it goes into effect April 1.

Please note, the Internal Revenue Service (IRS) has established new mileage rates based on an annual study of the fixed and variable costs of operating an automobile. The business standard rate decreased from 57.5 cents per mile to 56 cents. Accordingly, and pursuant to G.S. 138-6(a)(1), the Office of State Budget and Management has adjusted the allowable rate of reimbursement for travel by officers and employees on official state business, effective January 1, 2021.

The current Budget Manual on our website reflects the updated mileage rates and remains in effect until April 1, 2021. It will be available on our site until the new manual is in effect. Our office encourages you and your staff to always refer to the OSBM website for the most current Budget Manual. Updates or changes will be incorporated into the website.

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Below are some highlights of significant changes to the State Budget Manual. As always, we encourage you to contact your agency's OSBM budget execution or development analysts with questions.

Travel section (Major re-write)
- Provides new option for agencies to set subsistence reimbursement rates up to the federal GSA rates, conditional on implementing their own internal travel policies and submitting the Attestation Form (**5.2.1**)
- Encourages agencies to develop internal policies specific to their own needs in those areas where the Manual grants flexibility
- Simplifies ground travel and mileage policies: Agencies granted authority to determine rental vs personal car use for all travel; Removes 100-mile distinction for mileage reimbursement. (**5.2.13-5.2.19)**
- Updates mileage reimbursement rate to reflect the new IRS rate of 56 cents per mile (**5.2.13**)
- Prohibits reimbursement for travel involving political activity; removes 50% reimbursement policy from combined state and political business (**5.2.31**)

New State-Sponsored Event section
- Relocates and revises content from Travel and Personnel into a new, standalone section
- Allows refreshment reimbursement ($5/person) for events with 10 or more participants, lowered from 20
- Allows agencies to exceed the $5 refreshment allowance for external conferences if the cost is incorporated into the conference fee (**7.3**)

Personnel section
- Increases allowable expense for purchasing a plaque or framing a certificate for meritorious service from $50 to $100 (**6.4.2**)
- Allows agencies to spend a portion of lapsed salaries on an annual employee appreciation event at the standard lunch rate per person (**6.4.4**)
- Revises the reimbursable transit insurance payment for moves and increased the maximum payments for moving mobile homes (**6.8**)

Manual-wide changes
- Updates to align with current legislation and internal processes
- Removes unnecessary content
- Edits for clarity and ease of use