

Chapter One: Introduction

Among the policy functions of state government, none is more important than the budget process. The budget is a plan of operation describing how the state will use its financial resources to meet the needs of the public. The plan includes an estimate of proposed expenditures and the means of financing the disbursements.

The state's budget, as recommended by the Governor and approved by the Legislature, originates with the individual budget requests of state agencies. Agency budget requests provide the information needed to prioritize programs and allocate financial resources accordingly.

The budget is organized by program within each agency. The effectiveness of programs and efficiency of operations should be a consideration during the preparation of the agency budget request.

Budget Base

The general fund budget request for the 2013-15 biennium is limited to 100 percent of an agency's present general fund appropriation. Adjustments will be made for continuation of the 2011-13 second year salary increase and continuation of increased retirement contribution rates. Adjustments will also be made for one-time expenditures, such as major capital improvements and phased-in programs. Each agency will be notified regarding its base budget limit.

While the budget limit is 100 percent of the base budget, we strongly encourage agencies to examine what they do and how they do it. Agencies are challenged to search for efficiencies and cost savings wherever possible.

General fund budget needs beyond the 100 percent amount can be prioritized and requested in the Optional Request. All requests for new FTE, regardless of funding source, must be prioritized and requested in the Optional Request.

There are no limitations to requesting special funds or federal funds unless it is for a new FTE or an agency is notified otherwise. However, agencies are encouraged to analyze all programs regardless of funding source to find simpler, more cost effective ways to operate.

Fiscal Environment

The May 2012 revenue report shows 2011-13 actual revenues exceeding projections. Through the end of May 2012, actual collections exceeded the forecast by 40.0 percent or \$651.7 million. *Moody's Economy.com*, the state's economic forecasting consultant, has indicated that North Dakota can expect continued growth in the state's economy; however, the rate of growth is expected to slow and the effects of the continuing national recession are unknown.

Although economic signs are positive in North Dakota, expected budget demands are great. All programs and expenditures will be analyzed and prioritized.

Agencies should not substitute federal funds or special funds for general fund moneys without considering the long-term availability of these funds. Over the years, programs have been started

or enhanced with federal dollars only to have federal funds decrease or be eliminated. Caution is advised in substituting other funds money for general fund moneys.

Using the IBARS Manual

This first chapter contains general introductory information including the fiscal environment, the budget base, using the IBARS Manual, and starting the budget process.

Chapter 2 describes various general procedures for submitting an agency budget using IBARS.

All IBARS windows are discussed individually in Chapters 3 through 9 of the IBARS Manual. Chapter 4 contains instructions for completing all windows used in budgeting salaries, wages, and fringe benefits. The remaining chapters contain instructions for all other windows.

For each IBARS window, the window name is presented first. Next the “Navigation Path” is indicated for each window. This tells the user which menu options to select to access the window. The general purpose of the window is presented under the heading “Purpose.” Finally, the section titled “Using the Window” contains instructions regarding information to be included on a window. This section may also tell the user where to budget certain anticipated expenditures.

Reports of various budget data can be viewed or printed through IBARS. Each available report is described in Chapter 10.

Chapter 11 provides the glossary.

The IBARS Manual includes links to various resources such as the Revenue and Expenditure Account Codes, Building and Infrastructure formulas, Legislatively Authorized FTE, and various agency billing rates to be used in building the 2013-15 budget request. Wherever possible, the IBARS Manual uses the same terminology as the PeopleSoft payroll and financial systems.

Budget Process Timeline

The statutory deadline for all budgets to be submitted is July 15, 2012, including the optional request. If an extension is needed, the request for an extension must be made in writing to the assigned budget analyst by July 2, 2012. Agencies are encouraged to submit the budget as early as possible to allow adequate time for analysis.

Throughout the budget process, analysts will be available to answer questions on using IBARS or how to prepare the budget.

The building and infrastructure inventory was updated in April 2012 and can be used to calculate extraordinary repair requests.

After the budget is submitted, a budget review meeting may be held for each agency, if requested. The meeting will include a representative from the Office of the Governor, the Office of Management and Budget director, OMB Fiscal Management director, the budget analyst, and a Legislative Council representative. After the meeting, analysis of the request is completed and recommendations are prepared to reflect the executive budget policy.

In August 2012, the first revenue forecast for the upcoming biennium is completed. In November 2012, the forecast is updated to reflect current economic data and other factors. At that time, spending recommendations are finalized to correspond with anticipated revenue.

The Governor presents the executive budget to the Legislative Assembly at the organizational session in December. Appropriation bills supporting the executive recommendation are then prepared and submitted.

The budget process and key dates are graphically displayed in the Budget Process Timeline on the following page.

Budget Process Timeline

