

# 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 2021-23 biennium is limited to: 95 percent for ongoing base budgets less than \$5 million; 90 percent for ongoing base budgets between \$5 million - \$20 million; and 85 percent for ongoing base budgets greater than \$20 million of an agency's present general fund appropriation. Special funds will also be required to reprioritize 5 percent of the special fund appropriation. Adjustments will be made for one-time expenditures, such as capital improvements and phased-in programs. Each agency will be notified regarding its base budget limit.

General fund budget needs beyond the 95/90/85 percent amount can be prioritized and requested in an Optional Request. All requests for new FTE, regardless of funding source, must be prioritized and requested in an Optional Request. There are no limitations to requesting federal funds unless it is for a new FTE or the agency is notified otherwise. However, agencies are encouraged to analyze all programs regardless of funding source to find simpler or more cost-effective ways to operate.

Any requests for special funds beyond the base budget need to be entered using an optional change package. There are no limitations to requesting 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

All programs and expenditures will need to be analyzed and prioritized to ensure the budget remains structurally balanced. The 2021-23 budget process will require a greater emphasis on finding efficiencies, rethinking processes and collaboration between agencies.

Agencies should not substitute federal funds or special funds for general fund moneys without considering the long-term availability of these funds. Agencies should also consider eliminating grants that are not core to the agency or state functions, consolidating or eliminating programs and services, and scrutinizing all FTE, along with travel, dues and professional development expenses.

## 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 2019-21 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, 2020, 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 1, 2020. 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.

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, 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 2020 the first revenue forecast for the upcoming biennium is completed. In November 2020, 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

