



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

BEVERLY EAVES PERDUE  
GOVERNOR

CHARLES E. PERUSSE  
STATE BUDGET DIRECTOR

July 1, 2009

**MEMORANDUM**

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

FROM: Charles E. Perusse *Charles E. Perusse*

SUBJECT: Continuing Budget Authority for the 2009-10 Fiscal Year

On June 30, 2009, the North Carolina General Assembly adopted Senate Bill 311 (Session Law 2009-215) authorizing continuing budget authority for state government operations.

Specifically, Senate Bill 311 authorizes and directs the following:

1. State departments, institutions and agencies may expend funds at a level not to exceed eighty-five percent (85%) of the level at which those operations were authorized in Session Law 2008-107 as amended;
2. Vacant positions subject to the proposed budget reductions in Senate Bill 202 (third edition, sixth edition or both) shall not be filled;
3. State employees in positions subject to elimination in Senate Bill 202 (third edition, sixth edition or both) or in positions funded with non-recurring funds in 2008-09 shall be given 30 days' notice of termination.
4. State departments, institutions and agencies shall not make grant awards with funds that are subject to proposed budget reductions in Senate Bill 202 (third edition, sixth edition or both);
5. State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 and public school employees paid on the teacher salary schedule or school-based administrator salary schedule shall not move up on salary schedules or receive automatic increases until authorized by the General Assembly;
6. Appropriations which are not to revert by directions of Senate Bill 202 (third edition, sixth edition or both) shall not revert; but, these funds shall not be expended until Senate Bill 202 is enacted. These funds will revert in 2008-09 if the law or statute is not enacted or if cash is not available; and,

7. The salary-related contributions for retirement and related benefits is as follows:

Teachers and State Employees	8.54%
Law Enforcement Officers	13.54%
University Employees Optional Retirement	11.86%
Community College Optional Retirement	11.86%
Consolidated Judicial Retirement	17.71%
Legislative Retirement	4.50%

In addition to the items outlined above, departments, institutions and agencies shall not allocate funds for any items that are identified as budget reductions in Senate Bill 202 (third edition, sixth edition or both) that are not in controversy.

Based on these directions, the July 2009 monthly allotment shall be calculated as follows:

1. Begin with the RK325 report as the basis for June 30, 2009 authorized appropriation;
2. Reduce RK325 appropriation for all 2008-09 nonrecurring appropriations (including Contingency and Emergency Fund allocations);
3. Reduce appropriation computed in number 2 by fifteen percent (15%) as specified in Senate Bill 311;
4. Do not add any expansion budget recommendations; and,
5. Arrive at total appropriation and request a maximum 1/12. (Allotment requests must follow the format used in May and June 2009 including separate payroll and other operating categories of expenditures.)
6. Submit your calculations to your OSBM budget analyst.

If you have any questions concerning these matters, please contact your OSBM budget analyst at (919) 807-4700.

cc: Governor Bev Perdue  
President Pro Tempore Marc Basnight  
Speaker Joe Hackney  
Linda Coleman, State Personnel Director  
Marilyn Chism, Director, Fiscal Research Division  
David McCoy, State Controller