



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

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

July 31, 2009

MEMORANDUM

TO: Agency Heads, Chief Financial Officers and Human Resource Directors
All State Agencies, Departments, and Institutions

FROM: Charles E. Perusse *Charles E. Perusse*
State Budget Director

Linda D. Coleman *LDC*
State Personnel Director

SUBJECT: Reduction in Force Process under Continuing Resolution

On July 30, the North Carolina General Assembly adopted House Bill 102 which authorizes the State Budget Director to continue allocating funds for expenditures for current operations by State departments, institutions, and agencies at a level not to exceed 84% of the level at which those operations were authorized in Session Law 2008-107, as amended. It also authorizes the State Budget Director to implement the budget reductions set out in Senate Bill 202, 3rd edition and 6th edition, which are not in controversy.

On July 1, the Office of State Budget and Management (OSBM) directed agencies to provide employees who are in positions subject to elimination in Senate Bill 202, 3rd edition, 6th edition, or both, their 30 days' notice of termination. In accordance with Reduction in Force (RIF) policies, agencies should begin this notification process if they have not already done so, and should follow appropriate statutes related to a RIF. In addition, any employee whose 30 days' notice of termination has been met may be terminated immediately at the discretion of the agency head.

G.S. 126-8.5 provides for severance salary continuation or a discontinued service retirement allowance when the Director of the Budget determines that a RIF will accomplish economies in the State budget, provided reemployment is not available. Agencies should review provisions of this statute and consult the State Personnel Manual (Section 11) or the Office of State Personnel (OSP) for more detailed information regarding RIF procedures and severance salary continuation.

In addition, G.S. 135-45.2 stipulates that some employees may qualify for continued non-contributory health insurance coverage under a RIF. G.S. 126-7.1 provides details about posting requirements, RIF employee rights, and priority consideration procedures for employees who seek other State employment. State agencies and institutions should review and understand these statutes as part of the RIF process.

Please contact your budget analyst in OSBM at (919) 807-4700 or your human resource partner in OSP at (919) 807-4800 if you have any questions related to this directive.

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