



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

BEVERLY EAVES PERDUE  
GOVERNOR

CHARLES E. PERUSSE  
STATE BUDGET DIRECTOR

August 14, 2009

**MEMORANDUM**

TO: Department Heads and Chief Fiscal Officers

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

RE: Allotments for FY 2009-10

I am writing to provide you and your office guidance concerning allotments for FY 2009-10. As you are aware, North Carolina's revenue collections for the prior fiscal year were well below budgeted expectations. While the fiscal outlook is somewhat better, a high level of uncertainty still remains because adopted revenue changes and growth are not expected until the second half of the fiscal year.

Given the economic volatility and the state's current cash position, the Governor has directed the Office of State Budget and Management (OSBM) to take necessary steps to ensure the budget is balanced throughout FY 2009-10. Beginning with September 2009, and until further notice, allotments will be reduced monthly to achieve savings equal to five percent of each agency's certified budget. Agencies shall submit a BD 606 transferring their allotment reduction amount to an internal reserve account by October 1, 2009. Special exceptions may be made for constitutionally mandated or entitlement programs as well as urgent situations related to direct classroom instruction, economic development opportunities, law enforcement, health care and public safety. Any request for exception must be accompanied by written justification from the department head and will be reviewed on a case-by-case basis.

OSBM will allow agency and education managers the flexibility to determine how to best manage your budgets (OSBM's July 24, 2009 memorandum is rescinded). However, OSBM strongly encourages your agency to continue holding positions vacant where appropriate; limiting the issuance of purchase orders for goods or services (only minimum inventories should be maintained); and restricting travel and compensation adjustments (promotions, reclassifications, etc.) to the maximum extent possible. All travel and compensation adjustments must be preapproved by the agency head.

Each of you has done an outstanding job of managing your budgets and I personally appreciate the support you have provided to this office.

If you have any questions about the information outlined in this memorandum, please contact your OSBM budget analyst at (919) 807-4700.

cc: Governor Beverly Eaves Perdue  
Representative Joe Hackney, Speaker of the House of Representatives  
Senator Marc Basnight, President Pro Tempore of the Senate  
David McCoy, State Controller  
Marilyn Chism, Fiscal Research Division Director