



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

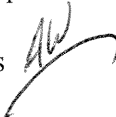
BEVERLY EAVES PERDUE
GOVERNOR

ANDY WILLIS
STATE BUDGET DIRECTOR

July 1, 2011

MEMORANDUM

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

FROM: Andy Willis 

SUBJECT: FY 2011-12 Budget Management

I am writing to provide your office guidance concerning budget management activities for the beginning of FY 2011-12. The following guidelines which were effective on December 17, 2010 for FY 2010-11 will remain in effect until July 15, 2011.

All Cabinet agencies shall continue to implement the following budget management strategies and the heads of all Non-Cabinet agencies are strongly encouraged to implement these measures as well.

1. Vacant positions shall not be filled except as an extraordinary exception to this directive. Extraordinary exceptions may be made for positions that are deemed mission critical, provide direct classroom instruction as well as positions in law enforcement, public safety or involved in the direct custody and/or care of persons for whom the state is responsible. For Cabinet agencies, all requests for exceptions to this measure must be submitted for approval to the Office of State Personnel (OSP) and the Office of State Budget and Management (OSBM) prior to the position being advertised. A detailed justification shall accompany any exception request including a copy of the job description or proposed posting.
2. No career-banding adjustments, in-range adjustments or other salary adjustments may be made. Allowable compensation adjustments only include promotions and reclassifications. Reclassifications are limited to increased higher level responsibilities where there is clear documentation that an agency will have recurring savings by eliminating a position or positions. This limitation excludes positions now filled by an employee in training where the position is currently budgeted at a higher salary. For Cabinet agencies, all exceptions to this measure must be approved by OSP.

Memorandum
July 1, 2011
Page 2

3. Purchase orders for goods or services shall be limited to the maximum extent possible (only minimum inventories for necessary items should be maintained).
4. Travel and training shall be limited unless it is deemed essential to meet documented job requirements. Instances involving public safety, public health and emergency situations related to the custody and/or care of persons for whom the state is responsible are not subject to this directive.

The agency head or their designee is responsible for approving exemptions to these budget management measures. Appropriate internal controls shall be put in place to ensure these strategies are adhered to. Documentation of exemptions shall be maintained and be available to OSBM upon request.

Thank you for your efforts during FY 2010-11 to implement these measures. We look forward to your continued cooperation during FY 2011-12.

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
David McCoy, State Controller
Lynn Muchmore, Fiscal Research Division Interim Director