



STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY  
GOVERNOR

ART POPE  
STATE BUDGET DIRECTOR

June 23, 2014

**MEMORANDUM**

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

FROM: Art Pope *Art Pope*  
State Budget Director

SUBJECT: 2014-15 Fiscal Year Budget Guidance

The 2013 General Assembly enacted Senate Bill 402, Session Law 2013-360 and House Bill 112, Session Law 213-363 authorizing appropriations for your department. In the event that Senate Bill 744 or other budget legislation is not ratified by the end of this fiscal year, the authorizations in Senate Bill 402 and House Bill 112 will continue in effect. Based on this authorization, agencies shall follow the instructions outlined below when requesting allotments for July 2014:

1. Total State appropriations for your agency will be reduced by the higher of the sum of the reduction items in Senate Bill 744 as passed by the Senate or House except reductions for teacher assistants;
2. Vacant positions subject to the proposed budget reductions in Senate Bill 744 (third edition or seventh edition) shall not be filled;
3. State employees in positions subject to elimination in Senate Bill 744 (third edition and seventh edition), as soon as practicable and in accordance with Reduction in Force policies, shall be provided written notification of termination of employment 30 days prior to the effective date of the termination;
4. 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 are still frozen under current law, and shall not move up on salary schedules or receive automatic increases until authorized by enacted legislation;

5. State employees, including those exempt from the classification and compensation rules established by the State Personnel Commission, shall not receive any automatic step increases, annual, performance, merit, bonuses, or other salary increments until authorized by enacted legislation; and
6. Appropriations directed not to revert in Senate Bill 744 (third edition, seventh edition or both) shall not revert; but, these funds shall not be expended until authorized by enacted legislation.

Based on these directions, the July 2014 monthly allotment shall be calculated as follows:

- A. Begin with the RK325 report as the basis for FY 2014-15 authorized appropriations. The RK325 report is the BD307 certified appropriation adjusted for any budget revisions approved by OSBM;
- B. Reduce appropriation in A by the total reduction computed in number 1 (page 1);
- C. Do not add any proposed FY 2014-15 expansion budget items; and
- D. Arrive at total appropriation and request the amount of appropriation needed not to exceed a maximum of 1/12.

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

cc: Governor Pat McCrory  
President Pro Tempore Phil Berger  
Speaker Thom Tillis  
Neal Alexander, Human Resources Director  
Mark Trogdon, Director, Fiscal Research Division  
Linda Combs, State Controller