



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

LEE HARRISS ROBERTS
STATE BUDGET DIRECTOR

June 30, 2015

MEMORANDUM

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

FROM: Lee Harriss Roberts 
State Budget Director

SUBJECT: Continuing Budget Authority for the 2015-16 Fiscal Year

On June 30, 2015, the North Carolina General Assembly ratified and Governor McCrory signed Senate Bill 534 authorizing continuing budget authority for state government operations.

Specifically, Senate Bill 534 authorizes and directs the following:

1. State departments, institutions and agencies may expend funds at the level at which operations were authorized on a recurring basis in SL 2014-100, as amended. Current operations funded on a nonrecurring basis in the 2014-15 fiscal year that are funded at the same level in House Bill 97 fifth edition and seventh addition may continue to receive funds unless items are related to capital expenditures or capital grants;
2. Vacant positions subject to the proposed budget reductions in House Bill 97 (fifth edition, seventh edition or both) shall not be filled after June 30, 2015;
3. State employees employed in positions subject to elimination in both House Bill 97, fifth edition and House Bill 97, seventh edition, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with reduction in force policies, be provided written notice of termination of employment 30 days prior to the effective date of the termination.
4. State departments, institutions and agencies shall not make grant awards with funds that are subject to proposed budget reductions in House Bill 97 (fifth edition, seventh 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. Effective July 1, 2015, the minimum monthly salary for public school employees paid on the teacher salary is increased from \$3,300 to \$3,500 a month. In addition, a teacher who received a bonus under section 9.1(e) of SL 2014-100 and a school administrator who received a bonus under section 9.11(i) of SL 2014-100 shall not be paid less than they were paid in salary and bonus for the 2014-15 school year;
7. 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 increments until authorized by the General Assembly;
8. Appropriations which are not to revert by directions of House Bill 97 (fifth edition, seventh edition or both) shall not revert; but, these funds shall not be expended until House Bill 97 is enacted;
9. The salary-related contributions for retirement and related benefits shall remain the same as they are on June 30, 2015:

Teachers and State Employees	15.21%
Law Enforcement Officers	20.21%
University Employees Optional Retirement	12.74%
Community College Optional Retirement	12.74%
Consolidated Judicial Retirement	32.70%
Legislative Retirement	5.49%
Disability Income Plan	0.41%

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 the same amount in House Bill 97, fifth edition and in House Bill 97, seventh edition, and are therefore not in controversy.

Based on these directions, the July 2015 monthly allotment shall be calculated as follows:

1. The Continuing Resolution authorizes a level of expenditure based on the recurring funding set in SL 2014-100. To help simplify the calculation agencies should use the Worksheet I (WKI), which is based on SL 2014-100 minus the non-recurring items. Next remove any increases that were added to

the Base Budget during the WKI process (including the removal of 2014-15 nonrecurring reductions);

2. Remove any reductions set out in House Bill 97 that are not in controversy.
3. Add any items that were funded on a nonrecurring basis in 2014-15 that are funded at the same level in both fifth edition and seventh edition of House Bill 97.

Please 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 Pat McCrory
President Pro Tempore Phil Berger
Speaker Tim Moore
Neal Alexander, Director of State Human Resources
Mark Trogdon, Director, Fiscal Research Division
Dr. Linda Combs, State Controller