



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**  
**Employment First State for Individuals with Disabilities**

ROY COOPER  
GOVERNOR

CHARLES PERUSSE  
STATE BUDGET DIRECTOR

April 23, 2020

**MEMORANDUM**

TO: Department Heads, Budget Officers, and Chief Financial Officers  
All State Departments and Institutions

FROM: Charles Perusse *Charles Perusse*  
State Budget Director

SUBJECT: Fiscal Year 2019-20 Budget Management Guidance

I am writing to provide you and your office budget management guidance for the remaining months of FY 2019-20. The impact of the COVID-19 pandemic on North Carolina's economy has been extreme. In addition, the tax payment deadline extension from April 15 to July 15 will have a significant impact on this fiscal year's tax collections. The Office of State Budget and Management (OSBM) continues to monitor April tax collections and expects to have a revised FY 2019-20 consensus revenue forecast with the General Assembly's Fiscal Research Division completed by early to mid-May.

Given the state's strong financial position, OSBM is not forcing any mandatory reversions this fiscal year. However, the economic impact of the pandemic and revenue shift from the tax payment deadline will severely impact our cash position as we close out FY 2019-20. Therefore, OSBM is requesting that all state departments and institutions reduce unnecessary General Fund expenditures for the rest of this fiscal year. Specifically, agencies shall implement the following budget management measures.

1. Limiting the purchase of goods and services to mission critical and COVID-19 items only. Purchase orders that have already been signed may continue. This limitation does not apply to the purchase of supplies, equipment, and materials required for education instruction.
2. Once the stay at home order is rescinded, travel and training requirements should be limited to instances involving public safety and health, job requirements, economic development opportunities, and emergency situations related to the custody and/or care of persons for whom the state is responsible, except as specifically approved by the department head as an exception to this measure.

3. Vacant permanent or temporary positions, except those deemed mission critical, are related to COVID-19 activities, or for which prior commitments have been made, shall not be filled except as specifically approved by the department head as an exception to this directive. This limitation does not apply to vacancies existing because individuals are on, or obtain, leave without pay in accordance with personnel policies. Agencies may make exceptions for positions that provide education instruction, as well as positions critical to law enforcement, health care, public safety, and/or related to the custody and care of persons for which the state is responsible.
4. No reallocations (position reclassifications), career-banding adjustments, in-range adjustments, or other salary adjustments (except formally documented trainee or step progressions) unless the adjustment is set in statute or action is associated with COVID-19 activities. Special exceptions to this measure may be requested by the department head and will be reviewed by the Office of State Human Resources and OSBM on a case-by-case basis.

OSBM encourages agency budget and chief fiscal officers to communicate with your human resources staff to stay informed of the latest policies issued by the Office of State Human Resources <https://oshr.nc.gov/coronavirus>. Some of the policies may have budgetary implications based on the actions taken by your agency.

This unprecedented global pandemic has created challenges for all North Carolinians. I know that the Governor and I can rely on you and your staff to help us through these most difficult times.

Please contact your OSBM budget execution analyst if you have any questions about the information in this memorandum. Thank you for your cooperation.