



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

June 28, 2013
Revised*

MEMORANDUM

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

FROM: Art Pope *Art Pope*
State Budget Director

SUBJECT: Continuing Budget Authority for the 2013-14 Fiscal Year

On June 26, 2013, the North Carolina General Assembly ratified House Bill 336 (Session Law 2013-184) authorizing continuing budget authority for state government operations.

Specifically, House Bill 336 authorizes and directs the following:

1. State departments, institutions and agencies may expend funds at a level not to exceed ninety-five percent (95%) of the level at which those operations were authorized in Session Law 2012-142, as amended;
2. Vacant positions subject to the proposed budget reductions in Senate Bill 402 (third edition, fifth edition or both) shall not be filled;
3. State employees in positions subject to elimination in Senate Bill 402 (*in both third edition and fifth edition) or in positions funded with non-recurring funds in 2012-13 shall, as soon as practicable and in accordance with Reduction in Force policies, be provided written notification 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 Senate Bill 402 (third edition, fifth 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. 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;
7. Appropriations which are not to revert by directions of Senate Bill 402 (third edition, fifth edition or both) shall not revert; but, these funds shall not be expended until Senate Bill 402 is enacted,
8. The salary-related contributions for retirement and related benefits shall remain the same as they are on June 30, 2013:

Teachers and State Employees	14.23%
Law Enforcement Officers	19.23%
University Employees Optional Retirement	12.58%
Community College Optional Retirement	12.58%
Consolidated Judicial Retirement	31.85%
Legislative Retirement	5.30%
Disability Income Plan	0.44%

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 Senate Bill 402 (third edition, fifth edition or both) that are not in controversy.

Based on these directions, the July 2013 monthly allotment shall be calculated as follows:

1. Begin with the RK325 report as the basis for June 30, 2013 authorized appropriation;
2. Reduce RK325 appropriation for all 2012-13 nonrecurring appropriations (including Contingency and Emergency Fund allocations);
3. Reduce appropriation computed in number 2 by five percent (5%) as specified in House Bill 336;
4. Do not add any expansion budget recommendations; and,

5. Arrive at total appropriation and request the amount of appropriation needed not to exceed a maximum of 1/12.
6. 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 Thom Tillis
Neal Alexander, Personnel Director
Mark Trogdon, Director, Fiscal Research Division
David McCoy, State Controller