



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

BEVERLY EAVES PERDUE  
GOVERNOR

CHARLES E. PERUSSE  
STATE BUDGET DIRECTOR

July 24, 2009

**MEMORANDUM**

TO: Department Heads and Chief Fiscal Officers

FROM: Charles Perusse *Charles E. Perusse*

RE: Fiscal Year 2009-10 Budget Management Restrictions

In light of current revenue collections and cash position, the Governor has instructed the Office of State Budget and Management (OSBM) to effect necessary economies in State expenditures to ensure that the fiscal year 2009-10 budget is balanced. To that end, the Governor has directed through Executive Order Number 20 that the following measures be implemented.

1. Allotments will only be approved for mandatory obligations, including payroll, utilities, medical supplies, financial aid, required State Aid, and debt service.
2. All new purchase orders for goods or services that require the expenditure of General Fund appropriations, or other non federal funds, must be preapproved by the agency head and reported to OSBM one week prior to the obligation. This restriction includes information technology and personal services contracts. Purchase orders that have been executed prior to the date of this memorandum are not included in this directive. Purchase orders for food and drugs necessary to operate state facilities may be issued, but only minimum inventories should be maintained. This limitation does not apply to the purchase of supplies, equipment and materials required for direct classroom instruction.
3. All travel requiring General Fund appropriations, or other non federal funds, shall be restricted. Instances involving public safety, public health, classroom instruction and situations related to the custody or care of persons for whom the state is responsible may be allowed but must be preapproved by the agency head and reported to OSBM one week prior to the obligation. No out of state travel will be authorized.

4. Vacant permanent or temporary positions supported from General Fund appropriations or other non federal funds, except those for which commitments have been made prior to the date of this directive, may not be filled. A prior commitment is defined as a verbal or written communication between the hiring agency and the prospective employee detailing salary and EOD. This limitation does not apply to vacancies existing because individuals are on, or obtain, leave without pay in accordance with personnel policies. In applying this directive the agency head may make special exceptions for positions that provide direct classroom instruction as well as positions critical to law enforcement, health care, public safety and/or are related to the custody and care of persons for whom the state is responsible. The agency head shall report to OSBM one week prior to any special exceptions being made.

5. No promotions, reallocations (position reclassifications), career-banding adjustments, in-range adjustments or other salary adjustments may be made.

Agencies shall not transfer funds from the General Fund without prior approval from OSBM. In addition, funds may not be transferred to the General Fund from other budget codes without prior approval from OSBM.

Any request for exception must be accompanied by written justification as to the nature of the proposed expenditure and will be reviewed on a case-by-case basis. Any exception to this directive must be preapproved by OSBM.

OSBM is available (919-807-4700) to provide guidance and assistance as we work together to ensure the fiscal year 2009-10 budget is balanced.

Cc: Governor Beverly Eaves Perdue  
Representative Joe Hackney, Speaker of the House of Representatives  
Senator Marc Basnight, President Pro Tempore of the Senate  
David McCoy, State Controller  
Marilyn Chism, Fiscal Research Division Director